UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 000-50404

LKQ CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**36-4215970**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
500 West Madison Street, Suite 2800, Chicago, IL	**60661**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (312) 621-1950

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common Stock, par value $.01 per share	**NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2017 , the aggregate market value of common stock outstanding held by stockholders who were not affiliates (as defined by regulations of the Securities and Exchange Commission) of the registrant was approximately $10.1 billion (based on the closing sale price on the NASDAQ Global Select Market on such date). The number of outstanding shares of the registrant's common stock as of February 16, 2018 was 309,574,741 .

Documents Incorporated by Reference

Those sections or portions of the registrant's proxy statement for the Annual Meeting of Stockholders to be held on May 7, 2018 , described in Part III hereof, are incorporated by reference in this report.

PART I

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Statements and information in this Annual Report on Form 10-K that are not historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are made pursuant to the “safe harbor” provisions of such Act.

Forward-looking statements include, but are not limited to, statements regarding our outlook, guidance, expectations, beliefs, hopes, intentions and strategies. Words such as "may," "will," "plan," "should," "expect," "anticipate," "believe," "if," "estimate," "intend," "project" and similar words or expressions are used to identify these forward-looking statements. These statements are subject to a number of risks, uncertainties, assumptions and other factors including those identified below. All forward-looking statements are based on information available to us at the time the statements are made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should not place undue reliance on our forward-looking statements. Actual events or results may differ materially from those expressed or implied in the forward-looking statements. The risks and uncertainties that could cause actual results to differ from the results predicted or implied by our forward-looking statements include the following (not necessarily in order of importance):

- changes in economic and political activity in the U.S. and other countries in which we are located or do business, including the U.K. withdrawal from the European Union, and the impact of these changes on our businesses, the demand for our products and our ability to obtain financing for operations;
- increasing competition in the automotive parts industry (including the potential competitive advantage to OEMs with "connected car" technology);
- fluctuations in the pricing of new original equipment manufacturer (“OEM”) replacement products;
- changes in the level of acceptance and promotion of alternative automotive parts by insurance companies and auto repairers;
- changes to our business relationships with insurance companies or changes by insurance companies to their business practices relating to the use of our products;
- our ability to identify sufficient acquisition candidates at reasonable prices to maintain our growth objectives;
- our ability to integrate, realize expected synergies, and successfully operate acquired companies and any companies acquired in the future, and the risks associated with these companies;
- the implementation of a border tax or tariff on imports and the negative impact on our business due to the amount of inventory we import;
- restrictions or prohibitions on selling certain aftermarket products to the extent OEMs seek and obtain more design patents than they have in the past and are successful in asserting infringement of these patents and defending their validity;
- variations in the number of vehicles manufactured and sold, vehicle accident rates, miles driven, and the age profile of vehicles in accidents;
- the increase of accident avoidance systems being installed in vehicles;
- the potential loss of sales of certain mechanical parts due to the rise of electric vehicle sales;
- fluctuations in the prices of fuel, scrap metal and other commodities;
- changes in laws or regulations affecting our business;
- higher costs and the resulting potential inability to service our customers to the extent that our suppliers decide to discontinue business relationships with us;
- price increases, interruptions or disruptions to the supply of vehicle parts from aftermarket suppliers and vehicles from salvage auctions;
- changes in the demand for our products and the supply of our inventory due to severity of weather and seasonality of weather patterns;
- the risks associated with operating in foreign jurisdictions, including foreign laws and economic and political instabilities;

- declines in the values of our assets;
- additional unionization efforts, new collective bargaining agreements, and work stoppages;
- our ability to develop and implement the operational and financial systems needed to manage our operations;
- interruptions, outages or breaches of our operational systems, security systems, or infrastructure as a result of attacks on, or malfunctions of, our systems;
- costs of complying with laws relating to the security of personal information;
- product liability claims by the end users of our products or claims by other parties who we have promised to indemnify for product liability matters;
- costs associated with recalls of the products we sell;
- potential losses of our right to operate at key locations if we are not able to negotiate lease renewals;
- inaccuracies in the data relating to our industry published by independent sources upon which we rely;
- currency fluctuations in the U.S. dollar, pound sterling and euro versus other currencies;
- our ability to obtain financing on acceptable terms to finance our growth;
- our ability to satisfy our debt obligations and to operate within the limitations imposed by financing arrangements; and
- changes to applicable U.S. and foreign tax laws, changes to interpretations of tax laws, and changes of our mix of earnings among the jurisdictions in which we operate.

Other matters set forth in this Annual Report may also cause our actual results to differ materially from our forward-looking statements, including the risk factors disclosed in Item 1A of this Annual Report.

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through our website (www.lkqcorp.com) as soon as reasonably practicable after we electronically file the material with, or furnish it to, the Securities and Exchange Commission.

ITEM 1. BUSINESS

OVERVIEW

LKQ Corporation ("LKQ" or the "Company") is a global distributor of vehicle products, including replacement parts, components, and systems used in the repair and maintenance of vehicles and specialty products and accessories to improve the performance, functionality and appearance of vehicles.

Buyers of vehicle replacement products have the option to purchase from primarily five sources: new products produced by original equipment manufacturers ("OEMs"); new products produced by companies other than the OEMs, which are referred to as aftermarket products; recycled products obtained from salvage vehicles; used products that have been refurbished; and used products that have been remanufactured. Collectively, we refer to the four sources that are not new OEM products as alternative parts. We distribute a variety of products to collision and mechanical repair shops, including aftermarket collision and mechanical products; recycled collision and mechanical products; refurbished collision products such as wheels, bumper covers and lights; and remanufactured engines and transmissions.

We are a leading provider of alternative vehicle collision replacement products and alternative vehicle mechanical replacement products, with our sales, processing, and distribution facilities reaching most major markets in the United States and Canada. We are also a leading provider of alternative vehicle replacement and maintenance products in the United Kingdom, the Benelux region (Belgium, Netherlands, and Luxembourg), Italy, Czech Republic, Switzerland and other Eastern European countries. In addition to our wholesale operations, we operate self service retail facilities across the U.S. that sell recycled automotive products from end-of-life vehicles. We are also a leading distributor of specialty vehicle aftermarket equipment and accessories reaching most major markets in the U.S. and Canada.

We are organized into four operating segments: Wholesale - North America, Europe, Specialty, and Self Service. We aggregate our Wholesale - North America and Self Service operating segments into one reportable segment, North America, resulting in three reportable segments: North America, Europe and Specialty. See Note 14, "Segment and Geographic Information" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for financial information by reportable segment and by geographic region.

HISTORY

We were initially formed in 1998 through the combination of a number of wholesale recycled products businesses located in Florida, Michigan, Ohio and Wisconsin. We subsequently expanded through internal development and approximately 260 acquisitions of aftermarket, recycled, refurbished, and remanufactured product suppliers and manufacturers; self service retail businesses; and specialty vehicle aftermarket equipment and accessories suppliers. Our most significant acquisitions include:

- 2007 acquisition of Keystone Automotive Industries, Inc., which, at the time of acquisition, was the leading domestic distributor of aftermarket products, including collision replacement products, paint products, refurbished steel bumpers, bumper covers and alloy wheels.
- 2011 acquisition of Euro Car Parts Holdings Limited ("ECP"), a vehicle mechanical aftermarket parts distribution company operating in the United Kingdom. This acquisition served as our entrance into the European automotive aftermarket business, from which we have expanded our European footprint through organic growth and subsequent acquisitions.
- 2013 acquisition of Sator Beheer B.V. ("Sator"), a vehicle mechanical aftermarket parts distribution company based in the Netherlands, with operations in the Netherlands, Belgium and Northern France. This acquisition allowed us to further expand our geographic presence into continental Europe.
- 2014 acquisition of Keystone Automotive Holdings, Inc. (“Keystone Specialty”), which expanded our product offering and increased our addressable market to include specialty vehicle aftermarket equipment and accessories.
- 2016 acquisition of Rhiag-Inter Auto Parts Italia S.p.A. (“Rhiag”), a distributor of aftermarket spare parts for passenger cars and commercial vehicles in Italy, Czech Republic, Slovakia, Switzerland, Hungary, Romania, Ukraine, Bulgaria, Poland and Spain. This acquisition expanded our geographic presence in continental Europe.
- On December 11, 2017, we announced that we have signed a definitive agreement to acquire Stahlgruber GmbH (“Stahlgruber”) from Stahlgruber Otto Gruber AG. Stahlgruber is a leading European wholesale distributor of aftermarket spare parts for passenger cars, tools, capital equipment and accessories with operations in Germany, Austria, Czech Republic, Italy, Slovenia, and Croatia with further sales to Switzerland. This acquisition will expand our geographic presence in continental Europe as we continue to expand our Pan-European distribution network. The transaction is expected to be completed in the first half of 2018 and is subject to regulatory approvals.

Further information regarding our recent acquisitions is included in Note 2, "Business Combinations" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

STRATEGY

Our mission is to be the leading global value-added distributor of vehicle parts and accessories by offering our customers the most comprehensive, available and cost-effective selection of part solutions while building strong partnerships with our employees and the communities in which we operate.

We have four primary pillars of a strategy to build economic value: growth through diversified product offerings; growth through geographic expansion; adaptation to evolving technology; and rationalization of our asset base to enhance margins and return of capital. We believe our supply network, with a broad inventory of quality alternative collision and mechanical repair products and specialty vehicle aftermarket products, high fulfillment rates, and superior customer service, provides us with a competitive advantage. To execute our strategy, we are focused on a number of key areas, including:

- *Extensive in-place network.* We have invested significant capital to develop a network of alternative and specialty vehicle parts facilities across our operating segments. Additionally, our ability to move inventory throughout our distribution networks increases the availability of our products and helps us to fill a relatively high percentage of our customers’ requests. In order to expand our distribution network, we will continue to seek to enter new markets and to improve penetration through both organic development and acquisitions. We will continue to seek opportunities to leverage the distribution network by delivering more parts through our existing network in our North America and Specialty operations. We believe our North America segment has the largest distribution network of alternative vehicle parts and accessories in the U.S. and Canada. In our Europe segment, we are implementing a strategy similar to our North America operations by establishing a Pan-European distribution network. We currently have operations in 18 different European countries, which we believe represents the broadest and largest footprint in the aftermarket industry in Europe. On a global basis, we have approximately 1,500 locations as part of our distribution network.
- *Acquisitions.* We have focused on growth through acquisitions both domestically and abroad. The primary objective of our acquisitions is to expand our presence to new or adjacent geographic markets and to expand into other product lines and businesses that may benefit from our operating strengths, in each case with the aim of increasing the size of our addressable market. When we identify potential acquisitions, we attempt to target companies with a leading market presence, an experienced management team and workforce that provide a fit with our existing operations, and strong cash flows. After completing an acquisition, we focus on integrating the company with our existing business to provide additional value to the combined entity through cost savings and synergies, such as logistics cost synergies resulting from integration with our existing distribution network, administrative cost savings, shared procurement, and cross-selling opportunities.
- *Strong business relationships.* We have developed business relationships with key constituents, including automobile insurance companies, suppliers and other industry participants in North America and Europe.
- *Broad product offering.* The breadth and depth of our inventory across all of our operating segments reinforces our ability to provide a “one-stop” solution for our customers’ alternative vehicle replacement, maintenance, and specialty vehicle product needs.
- *High fulfillment rates.* We manage local inventory levels to improve delivery and maximize customer service. Improving local order fulfillment rates reduces transfer costs and delivery times, and improves customer satisfaction.
- *Technology driven business processes.* We focus on technology development as a way to support our competitive advantage. We believe that we can more cost effectively leverage our data to make better business decisions than our smaller competitors.
- *Adaptation to evolving technology in the automotive industry.* We are committed to monitoring and adapting our business to the technological changes in the automotive industry. We have recently established a strategy and innovation team that will help us to be more forward-looking and to assess the potential opportunities and risks associated with several areas including, but not limited to, e-commerce, accident avoidance systems, autonomous vehicles, electric vehicles and ride-sharing trends.

NORTH AMERICA SEGMENT

Our North America segment is composed of wholesale operations, which consists of aftermarket and salvage operations, and self service retail operations.

Wholesale Operations

Inventory

Our wholesale operations in North America sell all five product types (aftermarket, recycled, remanufactured, refurbished and, to a lesser extent, OEM parts) to professional collision and mechanical automobile repair businesses. Our principal aftermarket product types consist of those most frequently damaged in collisions, including bumper covers, automotive body panels, lights and automotive glass products such as windshields. Platinum Plus is our exclusive product line offered under the Keystone brand of aftermarket products. Certain of our products are certified by independent organizations such as the Certified Automotive Parts Association (“CAPA”) and NSF International (“NSF”). CAPA and NSF are associations that evaluate the quality of aftermarket collision replacement products compared to OEM collision replacement products. We also developed a product line called "Value Line" for more value conscious, often self-pay, consumers. Our salvage products include both mechanical and collision parts, including engines; transmissions; door assemblies; sheet metal products such as trunk lids, fenders and hoods; lights; and bumper assemblies.

The aftermarket products we distribute are purchased from independent manufacturers and distributors located primarily in the U.S., Taiwan, and China. In 2017, approximately 39% of our aftermarket purchases were made from our top four vendors, with our largest vendor providing approximately 16% of our annual inventory purchases. We believe we are one of the largest customers of each of these suppliers. Outside of this group, no other supplier provided more than 5% of our supply of aftermarket products in 2017. We purchased approximately 48% of our aftermarket products in 2017 directly from manufacturers in Taiwan and other Asian countries. Approximately 49% of our aftermarket products were purchased from vendors located in the U.S.; however, we believe the majority of these products were manufactured in Taiwan, Mexico or other foreign countries.

Within our wholesale operations, we focus our procurement on products that are in the most demand, based on a number of factors such as historical sales records of vehicles by model and year, customer requests, projections of future supply and demand trends. Because lead times may take 40 days or more on imported aftermarket products, sales volumes and in-stock inventory are important factors in the procurement process.

In our aftermarket operations, we use a third party enterprise management system and other third party software packages to leverage the centralized data and information that a single system provides, such as a data warehouse to conduct enhanced analytics and reporting, an integrated budgeting system, an electronic data interchange tool, and E-commerce tools to enhance our online business-to-business initiatives - OrderKeystone.com and Keyless.

We procure recycled products for our wholesale operations by acquiring total loss vehicles, typically sold at regional salvage auctions, and then dismantling and inventorying the parts. The availability and pricing of the salvage vehicles we procure for our wholesale recycled products operations may be impacted by a variety of factors, including the production level of new vehicles and the portion of damaged vehicles declared total losses. Our bidding specialists are equipped with a proprietary software application that allows them to compare the vehicles at salvage auctions against our current inventory levels, historical demand, and recent average selling prices to arrive at an estimated maximum bid.

Our wholesale recycled product locations in North America operate an internally-developed, proprietary enterprise management system called LKQX. We believe that the use of a single system across all of our wholesale recycled product operations helps facilitate the sales process; allows for continued implementation of standard operating procedures; and yields improved training efficiency, employee transferability, access to our national inventory database, management reporting and data storage. The system also supports an electronic exchange process for identifying and locating parts at other select recyclers and facilitates brokered sales to fill customer orders for items not in stock.

Scrap and Other Materials

Our salvage operations generate scrap metal and other materials that we sell to metals recyclers. Vehicles that have been dismantled for recycled products and "crush only" end-of-life vehicles acquired from other companies are typically crushed using equipment on site. In other cases, we will hire mobile crushing equipment to crush the vehicles before they are transported to shredders and scrap metal processors. Damaged and unusable wheel cores are melted in our aluminum furnace and sold to consumers of aluminum ingot and sow for the production of various automotive products, including wheels. We also extract and sell the precious metals contained in certain of our recycled parts such as catalytic converters.

Customers

We sell our products to wholesale customers that include collision and mechanical repair shops and new and used car dealerships, as well as to retail customers. The majority of these customers tend to be individually-owned small businesses, although the number of independent and dealer-operated collision repair facilities has declined over the last decade, as regional or national multiple-location operators have increased their geographic presence through acquisitions.

Automobile insurance companies affect the demand for our collision products; while insurance companies do not pay for our products directly, they ultimately pay for the repair costs of insured vehicles in excess of any deductible amount. As a result, insurance companies often influence the types of products used in a repair. The use of our products provides a direct benefit to insurance companies by lowering the cost of repairs, decreasing the time required to return the repaired vehicle to the customer, and providing a replacement product that is of high quality and comparable performance to the part replaced.

Our sales personnel are encouraged to promote LKQ to customers as a “one-stop shop” by offering comparable options from our other product lines if the desired part is not in stock. To support these efforts, we have provided our sales staff with access to both recycled and aftermarket sales systems, and we have developed sales incentive programs that encourage cross selling throughout our wholesale operations.

To better serve our customers, we take a consolidated approach for the electronic sale of wholesale products in our North America segment. A full suite of E-commerce services is available to approved partners that helps us improve order accuracy, reduce return rate and better fit our customer workflow. Using these services in coordination with our partners, products can be searched, priced and ordered without leaving the customers' own operating systems.

Distribution

We have a distribution network of warehouses and cross dock facilities, which allows us to develop and maintain our service levels with local repair shops while providing fulfillment rates that are made possible by our nationwide presence. Our delivery fleet utilizes a third party software provider to optimize delivery routes, and to track the progress of delivery vehicles throughout their runs. Our local presence allows us to provide daily deliveries as required by our customers, using drivers who routinely deliver to the same customers. Our sales force and local delivery drivers develop and maintain critical personal relationships with the local repair shops that benefit from access to our wide selection of products, which we are able to offer as a result of our regional inventory network. We operate a delivery fleet of medium-sized trucks and smaller trucks and vans, which deliver multiple product types on the same delivery routes to help minimize distribution costs and improve customer service.

Competition

We consider all suppliers of vehicle collision and mechanical products to be competitors, including aftermarket suppliers, recycling businesses, refurbishing operations, parts remanufacturers, OEMs and internet-based suppliers. We compete with alternative parts distributors on the basis of our nationwide distribution system, our product lines and inventory availability, customer service, our relationships with insurance companies, and to a lesser extent, price; we compete with OEMs primarily on the basis of price and, to a lesser extent, on service and product quality. We do not consider retail chains that focus on the do-it-yourself market to be our direct competitors since many of our wholesale product sales are paid for by insurance companies rather than the end user, and there is limited overlap in the products that we sell.

Self Service Operations

Our self service retail operations, most of which operate under the name “LKQ Pick Your Part,” allow consumers to come directly to the yard to pick parts off of end-of-life vehicles. In addition to revenue from the sale of parts, core, and scrap, we charge a nominal admission fee to access the property.

Inventory

We acquire inventory for our self service retail product operations from a variety of sources, including but not limited to towing companies, auctions, the general public, municipality sales, insurance carriers, and charitable organizations. We typically procure salvage vehicles that are more than seven model years old for our self service retail product operations; these vehicles are generally older and of lower price than the salvage vehicles we purchase for our wholesale recycled product operations. Vehicles are delivered to our locations by the seller, or we arrange for transportation. Once on our property, minimal labor is required to process the vehicle other than removing the battery, fluids, refrigerants, catalytic converters and hazardous materials. The extracted fluids are stored in bulk and subsequently sold to recyclers; in the case of gasoline, the fuel retrieved is primarily used to power our delivery vehicles. Vehicles are then placed in the yard for customers to remove parts. In our self service business, availability of a specific part will depend on which vehicles are currently at the site and to what extent parts may have been previously sold. We usually keep a vehicle at our facility for 30 to 120 days, depending on the capacity of the yard and size of the market, before it is crushed and sold to scrap metal processors.

Scrap and Other Materials

Our self service operations generate scrap metal, alloys and other materials that we sell to recyclers. Vehicles that we no longer make available to the public and "crush only" vehicles acquired from other companies are typically crushed using equipment on site. Damaged and unusable wheel cores are melted in our aluminum furnace and sold to consumers of aluminum

ingot and sow for the production of various automotive products, including wheels. We also extract and sell the precious metals contained in certain of our recycled parts such as catalytic converters.

Customers

The customers of our self service yards are frequently do-it-yourself mechanics, small independent repair shops servicing older vehicles, auto rebuilders, and resellers. The scrap from the vehicle hulks, when not processed by us, is sold to metals recyclers, with whom we may also compete when procuring salvage vehicles for our operations.

Competition

There are competitors operating self service businesses in all of the markets in which we operate. In some markets, there are numerous competitors, often operating in close proximity to our operations. We try to differentiate our business by the quality of the inventory and the size and cleanliness of the property. We do not consider retail chains that focus on the do-it-yourself market to be our direct competitors, as there is limited overlap in the products that we sell.

EUROPE SEGMENT

The Europe segment was built on three key acquisitions: ECP (2011), Sator (2013) and Rhiag (2016). Our European strategy is to target platform acquisitions to cover the broad markets initially, then integrate these businesses with our existing operations, and subsequently expand our footprint in these regions through new branch openings and smaller tuck-in acquisitions with the goal of eventually attaining continent-wide coverage. Our acquisitions provide a platform to capitalize on the large and fragmented aftermarket mechanical replacement parts market in Europe, and allow for potential cost savings from the leveraging of our combined purchasing power given the significant overlap in suppliers and product mix. Our pending acquisition of Stahlgruber will further enhance our Pan-European platform, including the creation of future opportunities for logistics and infrastructure optimization. In 2014, we expanded our European segment to include wholesale recycling operations through our acquisition of a business with salvage and vehicle repair facilities in Sweden and Norway. In addition to expanding our geographic presence in Europe, we believe these acquisitions provide us with the opportunity to leverage our experience in operating salvage facilities in a new market and to expand our aftermarket operations to include these countries. In 2016, we acquired an equity investment in Mekonomen AB ("Mekonomen"), the leading independent car parts and service chain in the Nordic region of Europe. Mekonomen is independent of our existing European operations, but we are exploring areas where the companies can work together in a mutually beneficial manner. We have acquired many smaller businesses within these regions and over time, we anticipate further integration of our European operations as we optimize purchasing, warehousing, cataloging, logistics and back-office functions, and align our private label brands across the segment.

Inventory

Our inventory is primarily composed of mechanical aftermarket parts for the repair of vehicles 3 to 15 years old. Our top selling products include brake pads; discs and sensors; clutches; electrical products such as spark plugs and batteries; steering and suspension products; filters; and oil and automotive fluids. In addition to mechanical aftermarket parts, we also sell collision parts in our Europe operations, although these sales represent less than 3% of segment revenue. We believe the historically low alternative collision parts usage percentage in Europe provides an opportunity for us in this segment, particularly as insurance companies look to lower their costs.

In 2017, our top five suppliers represented 22% of our aftermarket inventory purchases, with our top two suppliers each representing approximately 7% of our purchases. No other suppliers comprised more than 5% of our purchases during 2017. The aftermarket products we distribute are purchased from vendors located primarily in the U.K. and continental Europe. In 2017, we purchased 92% of our products from companies in Europe. The remaining 8% of our 2017 purchases were sourced from vendors located primarily in China or Taiwan, some of which also supply collision parts for our Wholesale - North America operations. In 2017, 55%, 31%, and 7% of our total inventory purchases were made in Euros, Pounds Sterling, and U.S. Dollars, respectively.

Our aftermarket operations in Europe use various IT systems, some of which are linked to transfer data between systems, to manage customer orders and inventory movement, and for financial reporting purposes. Certain of our IT systems can interface with our repair shop customers' respective IT systems, which enables them to identify the part required for the repair. We are evaluating our existing European systems to determine the optimal long-term strategy, which we believe will include reducing the number of systems we operate.

In our Nordic operations, we purchase severely damaged or totaled vehicles from insurance companies, which are transferred to our dismantling facilities or sold to other third party dismantlers.

Customers

We primarily operate under a two-step (i.e. direct sales to customers) distribution model in Europe, although certain of our operations, such as Italy and Switzerland, operate under a three-step (i.e. sales to distributors who in turn sell to customers)

distribution model. In our two-step operations, we sell the majority of our products to commercial customers primarily consisting of professional repairers, including both independent mechanical repair shops and collision repair shops. In our three-step operations, we sell products to wholesale distributors or jobbers. In addition to our sales to repair shops and wholesale distributors, we generate a portion of our revenue through sales to retail customers from ECP's e-commerce platform and from counter sales at the branch locations.

Distribution

Our European operations employ a distribution model in which inventory is stored at regional distribution centers or hubs, with fast moving product stored at branch locations or at local warehouse distributors (for some of our Netherlands, Italy, and Czech Republic operations) for timely delivery to the repair shop customers. Product is moved through the distribution network on our vans or via common carrier. In our U.K. operations, we also sometimes employ a third party motorcycle fleet to deliver parts from our branch locations to nearby repair shop customers.

In the U.K., we expanded our distribution capabilities by building a new national distribution center in Tamworth, which was completed in 2017.

Competition

We view all suppliers of replacement repair products as our competitors, including other alternative parts suppliers and OEMs and their dealer networks. While we compete with all alternative parts suppliers, there are few with national distribution networks like ours that can reach the majority of repair shop customers within the required delivery time in their respective markets. We believe we have been able to distinguish ourselves from other alternative parts suppliers primarily through our distribution network, efficient stock management systems and proprietary technology which allows us to deliver our products quickly, as well as through our product lines and inventory availability, pricing, and service. We compete with OEMs primarily on the basis of price, service and availability.

SPECIALTY SEGMENT

Our Specialty operating segment was formed in 2014 with our acquisition of Keystone Specialty, a leading distributor and marketer of specialty vehicle aftermarket products and accessories in North America. Our Specialty operations reach most major markets in the U.S. and Canada and serves the following six product segments: truck and off-road; speed and performance; RV; towing; wheels, tires and performance handling; and miscellaneous accessories. In November 2017, we acquired Warn Industries, Inc. ("Warn"), a leading designer, manufacturer and marketer of high performance vehicle equipment and accessories. We expect the acquisition of Warn to expand our presence in the specialty market and create viable points of entry into related markets.

Inventory

The specialty vehicle aftermarket equipment and accessories we distribute and raw materials for products we manufacture are purchased from suppliers located primarily in the U.S., Canada, and China. Our top selling products are RV appliances & air conditioners, towing hitches, truck bed covers, vehicle protection products, cargo management products, and wheels, tires & suspension products. Specialty aftermarket suppliers are typically small to medium-sized, independent businesses that focus on a narrow product or market niche. Due to the highly fragmented supplier base for specialty vehicle aftermarket products, we have limited supplier concentration. In 2017, approximately 26% of our specialty vehicle aftermarket purchases were made from our top five suppliers, with our largest vendor providing approximately 10% of our annual inventory purchases. No other suppliers comprised more than 5% of our purchases during 2017. With our November 2017 acquisition of Warn, we have internal manufacturing capabilities to source aftermarket winches, hoists, and bumpers.

Our Specialty operations utilize an internally developed inventory management and order entry system that interfaces with third party software systems for accounting, transaction processing, data analytics, and reporting.

Customers

Overall, the specialty vehicle aftermarket parts and accessories market contains a fragmented customer base composed of RV and specialty automotive dealers, installers, jobbers, builders, parts chains, and mail-order businesses. Our customers are principally small, independent businesses. These customers depend on us to provide a broad range of products, rapid delivery, marketing support and technical assistance. In addition to traditional customers, in recent years we have increased sales to several large parts and accessory online retailers. Our Specialty segment also operates retail stores in northeast Pennsylvania.

We promote our products to customers through marketing programs, which include: catalogs, advertising, sponsorships and promotional activities; product level marketing and merchandising support; and online initiatives. Our national footprint allows us to stage trade shows across the U.S., which provide an opportunity to improve sales through the showcasing of new and innovative products from our vendors to our customers.

Online sales of our Specialty products take place through our ekeystone.com and viantp.com sites. These sites provide customers (i) the ability to match products with the make and model of car thus allowing the customer to order the right part, (ii) the product information (e.g. pictures, attributes) available for review and (iii) the convenience of searching inventory availability and ordering the product on the site. Additionally, the site can provide sales opportunities by suggesting other parts to purchase based on an inquiry submitted by the customer.

Distribution

Our Specialty segment operations employ a hub-and-spoke distribution model which enables us to transport products from our primary distribution centers to our non-inventory stocking cross docks, a majority of which are co-located with our North America wholesale operations and provide distribution points to key regional markets and synergies with our existing infrastructure. We believe this provides added value to our customers through a broader product offering and more efficient distribution process. We use our delivery routes to provide multi-day per week delivery and returns of our products directly to and from our customers in all 48 continental U.S. states and 9 Canadian provinces, and we ship globally to customers in other countries. Our delivery fleet utilizes a third party software provider to optimize delivery routes, and to track the progress of delivery vehicles throughout their runs.

Competition

Industry participants have a variety of supply choices. Vendors can deliver products to market via warehouse distributors and mail order catalog businesses, or directly to retailers and/or consumers. We view all suppliers of specialty vehicle aftermarket equipment and accessories as our competitors. While we compete with all specialty vehicle aftermarket parts suppliers, there are few with national distribution networks like LKQ’s that can reach the majority of customers within the optimum delivery time. We believe we have been able to distinguish ourselves from other specialty vehicle aftermarket parts and equipment suppliers primarily through our broad product selection, which encompasses both popular and hard-to-find products, our distribution network, and efficient inventory management systems, as well as through our service. We compete on the basis of product breadth and depth, rapid and dependable delivery, marketing initiatives, support services, and price.

INTELLECTUAL PROPERTY

We own various trade names and trademarks as a result of past acquisitions. In addition to acquired trade names and trademarks, we also have technology-based intellectual property that has been both internally developed and obtained through license agreements. We do not believe that our business is materially dependent on any single or group of related trademarks, licenses or registrations, nor would the expiration of any particular intellectual property right or termination of any particular intellectual property license agreement materially affect our business.

EMPLOYEES

As of December 31, 2017, we employed approximately 43,000 persons, of which approximately 22,000 were employed in North America and approximately 21,000 were employed outside of North America. Of our employees in North America, approximately 1,200 were represented by unions. Outside of North America, we have government-mandated collective bargaining agreements and union contracts in certain countries, particularly in Europe where many of our employees are represented by unions and/or works councils. We consider our employee relations to be good.

FACILITIES

As of December 31, 2017, our operations included approximately 1,500 facilities, most of which are leased. Of our total facilities, approximately 550 facilities were located in the U.S. and approximately 950 facilities were located in 24 other countries. Many of our locations stock multiple product types or serve more than one function.

Our corporate headquarters are located at 500 West Madison Street, Chicago, Illinois 60661. We operate a field support center in Nashville, Tennessee that performs certain centralized functions for our North American operations, including accounting, procurement, and information systems support; in 2017, we announced our plans to expand the size of our field support center via construction of a new 100,000 square foot facility in Nashville. Our Specialty operations maintain primary procurement, accounting and finance functions in Exeter, Pennsylvania. Certain back-office support functions for our segments are performed in Bangalore, India. Our European operations maintain procurement, accounting, and finance functions in Wembley, outside of London, England and Tamworth, England; in Schiedam, the Netherlands; in Milan, Italy; and in Prague, Czech Republic. In addition to these offices, we have two national distribution centers in Tamworth totaling 1 million and 500,000 square feet, which house inventory to supply the hubs and branches of our U.K. operations. Additionally, we operate an aftermarket parts warehouse in Taiwan to aggregate inventory for shipment to our locations in North America.

REGULATION

Our operations and properties are subject to laws and regulations relating to the protection of the environment in the U.S. and the other countries in which we operate. See the risk factor “We are subject to environmental regulations and incur costs relating to environmental matters” in Part I, Item 1A of this Annual Report on Form 10-K for further information regarding the effects of environmental laws and regulations on us.

SEASONALITY

Our operating results are subject to quarterly variations based on a variety of factors, influenced primarily by seasonal changes in weather patterns. During the winter months, we tend to have higher demand for our vehicle replacement products because there are more weather related repairs. Our specialty vehicle operations typically generate greater revenue and earnings in the first half of the year, when vehicle owners tend to install this equipment. Our aftermarket glass operations typically generate greater revenue and earnings in the second and third quarters, when the demand for glass replacements increases after the winter weather.

ITEM 1A. RISK FACTORS

Our operating results and financial condition have been and could continue to be adversely affected by the economic and political conditions in the U.S. and elsewhere.

Changes in economic and political conditions in the U.S., Europe and other countries in which we are located or do business could have a material effect on our company. Changes in such conditions have, in some periods, resulted in fewer miles driven, fewer accident claims, and a reduction of vehicle repairs, all of which could negatively affect our business. The number and types of new vehicles produced and sold by manufacturers affects our business. A decrease in the number of vehicles on the road results in a decrease in repairs.

Our sales are also impacted by changes to the economic health of vehicle owners. The economic health of vehicle owners is affected by many factors, including, among others, general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, taxation, fuel prices, unemployment trends and other matters that influence consumer confidence and spending. Many of these factors are outside of our control. If any of these conditions worsen, our business, results of operations, financial condition and cash flows could be adversely affected.

In addition, economic conditions, including decreased access to credit, may result in financial difficulties leading to restructurings, bankruptcies, liquidations and other unfavorable events for our customers, suppliers, logistics and other service providers and financial institutions that are counterparties to our credit facilities and hedge transactions. These unfavorable events affecting our business partners could have an adverse effect on our business, results of operations, financial condition and cash flows.

We have a substantial business presence in Europe, including a significant presence in the United Kingdom. In June 2016, voters in the United Kingdom decided by referendum to withdraw from the European Union. The precise timing and impacts of this action on our businesses in the United Kingdom and other parts of Europe are unknown at this time. Since the vote, we have seen fluctuations in exchange rates leading to pricing pressures and unfavorable translation effects on our sterling denominated earnings. As the details of the United Kingdom’s withdrawal from the European Union are negotiated and implemented, our European businesses could be adversely affected as a result of further fluctuations in exchange rates, disruptions to access to markets by United Kingdom companies, interruptions of the movement of goods and services between countries, a decrease of economic activity in Europe, and political or social unrest.

We face intense competition from local, national, international, and internet-based vehicle products providers, and this competition could negatively affect our business.

The vehicle replacement products industry is highly competitive and is served by numerous suppliers of OEM, recycled, aftermarket, refurbished and remanufactured products. Within each of these categories of suppliers, there are local owner-operated companies, larger regional suppliers, national and international providers, and internet-based suppliers and distributors. Providers of vehicle replacement products that have traditionally sold only certain categories of such products may decide to expand their product offerings into other categories of vehicle replacement products, which may further increase competition. Some of our current and potential competitors may have more operational expertise; greater financial, technical, manufacturing, distribution, and other resources; longer operating histories; lower cost structures; and better relationships in the insurance and vehicle repair industries or with consumers, than we do.

In certain regions of the U.S., local vehicle recycling companies have formed cooperative efforts to compete in the wholesale recycled products industry. Similarly, in Europe, some local companies are part of cooperative efforts to compete in the aftermarket parts industry. As a result of these factors, our competitors may be able to provide products that we are unable to supply, provide their products at lower costs, or supply products to customers that we are unable to serve.

We believe that a majority of collision parts by dollar amount are supplied by OEMs, with the balance being supplied by distributors of alternative aftermarket, recycled, refurbished and remanufactured collision parts like us. The OEMs are therefore able to exert pricing pressure in the marketplace. We compete with the OEMs primarily on price and to a lesser extent on service and quality. From time to time, the OEMs have implemented programs seeking to increase their market share in the collision repair parts industry. For example, they have reduced prices on specific products to match the lower prices of alternative products and introduced other rebate programs that may disrupt our sales. The growth of these programs or the introduction of new ones could have a material adverse impact on our business.

In addition, vehicles are being equipped with systems that transmit data to the OEMs wirelessly regarding, among other items, accident incidents, maintenance requirements, location of the vehicle, identification of the closest dealership, and other statistics about the vehicle and its driving history. To the extent that this data is not shared with alternative suppliers, the OEMs will have an advantage with respect to such matters as contacting the vehicle driver, recommending repairs and maintenance, and directing the vehicle owner to an affiliated dealership.

We rely upon our customers and insurance companies to promote the usage of alternative parts.

Our success depends, in part, on the acceptance and promotion of alternative collision parts usage by automotive insurance companies. There can be no assurance that current levels of alternative parts usage will be maintained or will increase in the future.

We also rely on business relationships with insurance companies. These insurance companies encourage vehicle repair facilities to use products we provide. The business relationships include in some cases participation in aftermarket quality and service assurance programs that may result in a higher usage of our aftermarket products than would be the case without the programs. Our arrangements with these companies may be terminated by them at any time, including in connection with their own business concerns relating to the offering, availability, standards or operations of the aftermarket quality and service assurance programs. We rely on these relationships for sales to some collision repair shops, and a termination of these relationships may result in a loss of sales, which could adversely affect our results of operations.

In an Illinois lawsuit involving State Farm Mutual Automobile Insurance Company ("Avery v. State Farm"), a jury decided in October 1999 that State Farm breached certain insurance contracts with its policyholders by using non-OEM replacement products to repair damaged vehicles when use of such products did not restore the vehicle to its "pre-loss condition." The jury found that State Farm misled its customers by not disclosing the use of non-OEM replacement products and the alleged inferiority of those products. The jury assessed damages against State Farm of $456 million, and the judge assessed an additional $730 million of disgorgement and punitive damages for violations of the Illinois Consumer Fraud Act. In April 2001, the Illinois Appellate Court upheld the verdict but reduced the damage award by $130 million because of duplicative damage awards. On August 18, 2005, the Illinois Supreme Court reversed the awards made by the circuit court and found, among other things, that the plaintiffs had failed to establish any breach of contract by State Farm. The U.S. Supreme Court declined to hear an appeal of this case. As a result of this case, some insurance companies reduced or eliminated their use of aftermarket products. Our financial results could be adversely affected if insurance companies modified or terminated the arrangements pursuant to which repair shops buy aftermarket or recycled products from us due to a fear of similar claims.

In addition, to the extent that the collision repair industry continues to consolidate, the buying power of collision repair shop customers may further increase, putting additional pressure on our financial returns.

We may not be able to successfully acquire new businesses or integrate acquisitions, which could cause our business to suffer.

We may not be able to successfully complete potential strategic acquisitions if we cannot reach agreement on acceptable terms, if we do not obtain required antitrust or other regulatory approvals, or for other reasons. Moreover, we may not be able to identify a sufficient number of acquisition candidates at reasonable prices to maintain our growth objectives. Also, over time, we will likely seek to make acquisitions that are relatively larger. Larger acquisition candidates may attract additional competitive buyers, which could increase our cost or could cause us to lose such acquisitions.

If we buy a company or a division of a company, we may experience difficulty integrating that company's or division's personnel and operations, which could negatively affect our operating results. In addition:

- the key personnel of the acquired company may decide not to work for us;
- customers of the acquired company may decide not to purchase products from us;
- suppliers of the acquired company may decide not to sell products to us;
- we may experience business disruptions as a result of information technology systems conversions;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, and financial reporting;

- we may be held liable for environmental, tax or other risks and liabilities as a result of our acquisitions, some of which we may not have discovered during our due diligence;
- we may intentionally assume the liabilities of the companies we acquire, which could result in material adverse effects on our business;
- our existing business may be disrupted or receive insufficient management attention;
- we may not be able to realize the cost savings or other financial benefits we anticipated, either in the amount or in the time frame that we expect; and
- we may incur debt or issue equity securities to pay for any future acquisition, the issuance of which could involve the imposition of restrictive covenants or be dilutive to our existing stockholders.

Claims by OEMs relating to aftermarket products could adversely affect our business.

OEMs and other manufacturers have attempted to use claims of intellectual property infringement against manufacturers and distributors of aftermarket products to restrict or eliminate the sale of aftermarket products that are the subject of the claims. The OEMs have brought such claims in federal court and with the U.S. International Trade Commission.

To the extent OEMs and other manufacturers are seeking and obtaining more design patents than they have in the past and are successful in asserting infringement of these patents and defending their validity, we could be restricted or prohibited from selling certain aftermarket products, which could have an adverse effect on our business. We will likely incur significant expenses investigating and defending intellectual property infringement claims. In addition, aftermarket products certifying organizations may revoke the certification of parts that are the subject of the claims. Lack of certification may negatively impact us because many major insurance companies recommend or require the use of aftermarket products only if they have been certified by an independent certifying organization.

In December 2005 and May 2008, Ford Global Technologies, LLC filed complaints with the International Trade Commission against us and others alleging that certain aftermarket products imported into the U.S. infringed on Ford design patents. The parties settled these matters in April 2009 pursuant to a patent license arrangement that is currently scheduled to expire in March 2020. In January 2014, Chrysler Group, LLC filed a complaint against us in the U.S. District Court in the Eastern District of Michigan contending that certain aftermarket parts we sell infringe Chrysler design patents. The parties settled this matter in June 2014 pursuant to a patent license arrangement that expires in June 2019. In the event that these license arrangements, or other similar license arrangements with OEMs, are terminated or we are unable to agree upon renewal terms, we may be subject to costs and uncertainties of litigation as well as restrictions on our ability to sell aftermarket parts that replicate parts covered by design patents.

If the number of vehicles involved in accidents declines or the number of cars being repaired declines, or the mix of the types of vehicles in the overall vehicle population changes, our business could suffer.

Our business depends on vehicle accidents, mechanical failures and routine maintenance for both the demand for repairs using our products and the supply of recycled, remanufactured and refurbished parts. To the extent that a relatively higher percentage of damaged vehicles are declared total losses, there will be less demand for our products to repair such vehicles. In addition, our business is impacted by factors which influence the number and/or severity of accidents and mechanical failures including, but not limited to, the number of vehicles on the road, the number of miles driven, the ages of drivers, the occurrence and severity of certain weather conditions, the congestion of traffic, drivers distracted by electronic equipment, the use of alcohol or drugs by drivers, the usage rate and effectiveness of accident avoidance systems in new vehicles, the reliability of new OEM parts, and the condition of roadways. For example, an increase in the acceptance of ride-sharing could reduce the number of vehicles on the road. Additionally, an increase in fuel prices may cause the number of vehicles on the road, the number of miles driven, and the need for mechanical repairs and maintenance to decline, as motorists seek alternative transportation options. Mild weather conditions, particularly during winter months, tend to result in a decrease in vehicle accidents. Moreover, a number of states and municipalities have adopted, or are considering adopting, legislation banning the use of handheld cellular telephones or other electronic devices while driving, and such restrictions could lead to a decline in accidents.

Systems designed to minimize accident frequency and severity are becoming more prevalent and more technologically sophisticated. To the extent OEMs install or are mandated by law to install accident avoidance systems in their vehicles, the number and severity of accidents could decrease, which could have a material adverse effect on our business.

The average number of new vehicles sold annually has fluctuated from year-to-year. Periods of decreased sales could result in a reduction in the number of vehicles on the road and consequently fewer vehicles involved in accidents or in need of mechanical repair or maintenance. Substantial further declines in automotive sales in the future could have a material adverse effect on our business, results of operations and/or financial condition. In addition, if vehicle population trends result in a disproportionately high number of older vehicles on the road, insurance companies may find it uneconomical to repair such

vehicles or there could be less costly repairs. If vehicle population trends result in a disproportionately high number of newer vehicles on the road, the demand generally for mechanical repairs and maintenance would likely decline due to the newer, longer-lasting parts in the vehicle population and mechanical failures being covered by OEM warranties for the first years of a vehicle's life. Moreover, alternative collision and mechanical parts are less likely to be used on newer vehicles.

Electric vehicles do not have traditional engines, transmissions, and certain related parts. Engines and transmissions represent our largest revenue generating SKUs in North America, and parts for engines and transmissions represent a significant amount of the revenue of our European operations. Thus, an increase in electric vehicles as a percentage of vehicles sold will have a negative impact on our sales of engines, transmissions, and other related parts.

Fluctuations in the prices of metals and other commodities could adversely affect our financial results.

Our recycling operations generate scrap metal and other metals that we sell. After we dismantle a salvage vehicle for wholesale parts and after vehicles have been processed in our self service retail business, the remaining vehicle hulks are sold to scrap processors and other remaining metals are sold to processors and brokers of metals. In addition, we receive "crush only" vehicles from other companies, including OEMs, which we dismantle and which generate scrap metal and other metals. The prices of scrap and other metals have historically fluctuated, sometimes significantly, due to market factors. In addition, buyers may stop purchasing metals entirely due to excess supply. To the extent that the prices of metals decrease materially or buyers stop purchasing metals, our revenue from such sales will suffer and a write-down of our inventory value could be required.

The cost of our wholesale recycled and our self service retail inventory purchases will change as a result of fluctuating scrap metal and other metals prices. In a period of falling metal prices, there can be no assurance that our inventory purchasing cost will decrease the same amount or at the same rate as the scrap metal and other metals prices decline, and there may be a delay between the scrap metal and other metals price reductions and any inventory cost reductions. The prices of steel, aluminum, and plastics are components of the cost to manufacture products for our aftermarket business. If the prices of commodities rise and result in higher costs to us for products we sell, we may not be able to pass these higher costs on to our customers.

Existing or new laws and regulations may prohibit, restrict or burden the sale of aftermarket, recycled, refurbished or remanufactured products.

Most states have passed laws that prohibit or limit the use of aftermarket products in collision repair work. These laws include requirements relating to consumer disclosure, vehicle owner’s consent regarding the use of aftermarket products in the repair process, and the requirement to have aftermarket products certified by an independent testing organization. Additional legislation of this kind may be introduced in the future. If additional laws prohibiting or restricting the use of aftermarket products are passed, it could have an adverse impact on our aftermarket products business.

Certain organizations test the quality and safety of vehicle replacement products. If these organizations decide not to test a particular vehicle product, or in the event that such organizations decide that a particular vehicle product does not meet applicable quality or safety standards, we may decide to discontinue sales of such product or insurance companies may decide to discontinue authorization of repairs using such product. Such events could adversely affect our business.

Some jurisdictions have enacted laws prohibiting or severely restricting the sale of certain recycled products that we provide, such as airbags. These and other jurisdictions could enact similar laws or could prohibit or severely restrict the sale of additional recycled products. The passage of legislation with prohibitions or restrictions that are more severe than current laws could have a material adverse impact on our business. Additionally, Congress could enact federal legislation restricting the use of aftermarket or recycled automotive products used in the course of vehicle repairs.

The Federal Trade Commission has issued guides which regulate the use of certain terms such as “rebuilt” or “remanufactured” in connection with the sale of automotive parts. Restrictions on the products we are able to sell and on the marketing of such products could decrease our revenue and have an adverse effect on our business and operations.

In 1992, Congress enacted the Anti-Car Theft Act to deter trafficking in stolen vehicles. The purpose of the law is to implement an electronic system to track and monitor vehicle identification numbers and major automotive parts. In January 2009, the U.S. Department of Justice implemented the portion of the system to track and monitor vehicle identification numbers. The portion of the system that would track and monitor major automotive parts would require various entities, including automotive parts recyclers like us, to inspect salvage vehicles for the purpose of collecting the part number for any "covered major part." The Department of Justice has not promulgated rules on this portion of the system, and therefore there has been no progress on the implementation of the system to track and monitor major automotive parts. However, if this system is fully implemented, the requirement to collect the information would place substantial burdens on vehicle recyclers, including us, that otherwise would not normally exist. It would place similar burdens on repair shops, which may discourage the use by such shops of recycled products. There is no pending initiative to implement the parts registration from a law enforcement point of view. However, there is a risk that a heightened legislative concern over safety of parts might precipitate an effort to push for the implementation of such rules.

An adverse change in our relationships with our suppliers or a disruption to our supply of inventory could increase our expenses and impede our ability to serve our customers.

Our North American business is dependent on a relatively small number of suppliers of aftermarket products, a large portion of which are sourced from Taiwan. Our European business also acquires product from Asian sources. We incur substantial freight costs to import parts from our suppliers, many of which are located in Asia. If the cost of freight rose, we might not be able to pass the cost increases on to our customers. Furthermore, although alternative suppliers exist for substantially all aftermarket products distributed by us, the loss of any one supplier could have a material adverse effect on us until alternative suppliers are located and have commenced providing products. In addition, we are subject to disruptions from work stoppages and other labor disputes at port facilities through which we import our inventory. We also have the risk that our suppliers could attempt to circumvent us and sell their product directly to our customers.

Moreover, our operations are subject to the customary risks of doing business abroad, including, among other things, natural disasters, transportation costs and delays, political instability, currency fluctuations and the imposition of tariffs, import and export controls and other non-tariff barriers (including changes in the allocation of quotas), as well as the uncertainty regarding future relations between China, Japan and Taiwan. The current U.S. administration has discussed the implementation of a tariff on imports into the U.S., the imposition of which would likely have a negative impact on our business due to the amount of inventory we import.

Because a substantial volume of our sales involves products manufactured from sheet metal, we can be adversely impacted if sheet metal becomes unavailable or is only available at higher prices, which we may not be able to pass on to our customers. Additionally, as OEMs convert to raw materials other than steel, it may be more difficult or expensive to source aftermarket parts made with such materials and it may be more difficult for repair shops to work with such materials in the repair process.

Most of our salvage and a portion of our self service inventory is obtained from vehicles offered at salvage auctions operated by several companies that own auction facilities in numerous locations across the U.S. We do not typically have contracts with the auction companies. According to industry analysts, a small number of companies control a large percentage of the salvage auction market in the U.S. If an auction company prohibited us from participating in its auctions, began competing with us, or significantly raised its fees, our business could be adversely affected through higher costs or the resulting potential inability to service our customers. Moreover, we face competition in the purchase of vehicles from direct competitors, rebuilders, exporters and other bidders. To the extent that the number of bidders increases, it may have the effect of increasing our cost of goods sold for wholesale recycled products. Some states regulate bidders to help ensure that salvage vehicles are purchased for legal purposes by qualified buyers. Auction companies have been actively seeking to reduce, circumvent or eliminate these regulations, which would further increase the number of bidders.

In addition, there is a limited supply of salvage vehicles in the U.S. As we grow and our demand for salvage vehicles increases, the costs of these incremental vehicles could be higher. In some states, when a vehicle is deemed a total loss, a salvage title is issued. Whether states issue salvage titles is important to the supply of inventory for the vehicle recycling industry because an increase in vehicles that qualify as salvage vehicles provides greater availability and typically lowers the price of such vehicles. Currently, these titling issues are a matter of state law. In 1992, the U.S. Congress commissioned an advisory committee to study problems relating to vehicle titling, registration, and salvage. Since then, legislation has been introduced seeking to establish national uniform requirements in this area, including a uniform definition of a salvage vehicle. The vehicle recycling industry will generally favor a uniform definition, since it will avoid inconsistencies across state lines, and will generally favor a definition that expands the number of damaged vehicles that qualify as salvage. However, certain interest groups, including repair shops and some insurance associations, may oppose this type of legislation. National legislation has not yet been enacted in this area, and there can be no assurance that such legislation will be enacted in the future.

We also acquire inventory directly from insurance companies, OEMs, and others. To the extent that these suppliers decide to discontinue these arrangements, our business could be adversely affected through higher costs or the resulting potential inability to service our customers.

In Europe, we acquire product from a wide variety of suppliers. As vehicle technology changes, some parts will become more complex and the design or technology of those parts may be covered by patents or other rights that make it difficult for aftermarket suppliers to produce for sale to companies such as ours. The complexity of the parts may include software or other technical aspects that make it difficult to identify what is wrong with the vehicle. More complex parts may be difficult to repair and may require expensive or difficult to obtain software updates, limiting our ability to compete with the OEMs.

Our annual and quarterly performance may fluctuate.

Our revenue, cost of goods sold, and operating results have fluctuated on a quarterly and annual basis in the past and can be expected to continue to fluctuate in the future as a result of a number of factors, some of which are beyond our control.

Future factors that may affect our operating results include, but are not limited to, those listed in the Special Note on Forward-Looking Statements in this Annual Report on Form 10-K. Accordingly, our results of operations may not be indicative of future performance. These fluctuations in our operating results may cause our results to fall below our published financial guidance and the expectations of public markets, which could cause our stock price or the value of our debt instruments to decline.

If we lose our key management personnel, we may not be able to successfully manage our business or achieve our objectives.

Our future success depends in large part upon the leadership and performance of our executive management team and key employees at the operating level. If we lose the services of one or more of our executive officers or key employees, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with us, we may not be able to successfully manage our business or achieve our business objectives. If we lose the services of any of our key employees at the operating or regional level, we may not be able to replace them with similarly qualified personnel, which could harm our business.

We operate in foreign jurisdictions, which exposes us to foreign exchange and other risks.

We have operations in North America, Europe and Taiwan, and we may expand our operations in the countries in which we do business and into other countries. Our foreign operations expose us to additional risks associated with international business, which could have an adverse effect on our business, results of operations and/or financial condition, including import and export requirements and compliance with anti-corruption laws, such as the U.K. Bribery Act 2010 and the Foreign Corrupt Practices Act. We also incur costs in currencies other than our functional currencies in some of the countries in which we operate. We are thus subject to foreign exchange exposure to the extent that we operate in different currencies, as well as exposure to foreign tax and other foreign and domestic laws. In addition, certain countries in which we operate have a higher level of political instability and criminal activity relative to the U.S. that could affect our operations and the ability to maintain our supply of products.

If we determine that our goodwill or other intangible assets have become impaired, we may incur significant charges to our pre-tax income.

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. In the future, goodwill and intangible assets may increase as a result of acquisitions. Goodwill is reviewed at least annually for impairment. Impairment may result from, among other things, deterioration in the performance of acquired businesses, increases in our cost of capital, adverse market conditions, and adverse changes in applicable laws or regulations, including modifications that restrict the activities of the acquired business. As of December 31, 2017, our total goodwill subject to future impairment testing was $3.5 billion . For further discussion of our annual impairment test, see "Goodwill Impairment" in the Critical Accounting Policies and Estimates section of Item 7 in this Annual Report on Form 10-K.

Except for indefinite-lived intangibles, we amortize other intangible assets over the assigned useful lives, each of which is based upon the expected period to be benefited. We review indefinite-lived intangible assets for impairment annually or sooner if events or changes in circumstances indicate that the carrying value may not be recoverable. We review finite-lived intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In the event conditions change that affect our ability to realize the underlying cash flows associated with our intangible assets, we may record an impairment charge. As of December 31, 2017, the value of our other intangible assets, net of accumulated amortization, was $744 million .

Our business may be adversely affected by union activities and labor and employment laws.

Certain of our employees are represented by labor unions and other employee representative bodies and work under collective bargaining or similar agreements, which are subject to periodic renegotiation. From time to time, there have been efforts to organize additional portions of our workforce and those efforts can be expected to continue. In addition, legislators and government agencies could adopt new regulations or interpret existing regulations that could make it significantly easier for unionization efforts to be successful. Also, we may in the future be subject to strikes or work stoppages, union and works council campaigns, and other labor disruptions and disputes. Additional unionization efforts, new collective bargaining or similar agreements, and work stoppages could materially increase our costs and reduce revenue and could limit our flexibility in terms of work schedules, reductions in force and other operational matters.

We also are subject to laws and regulations that govern such matters as minimum wage, overtime and other working conditions. Some of these laws are technical in nature and could be subject to interpretation by government agencies and courts different than our interpretations. Efforts to comply with existing laws, changes to such laws and newly-enacted laws may increase our labor costs and limit our flexibility. If we were found not to be in compliance with such laws, we could be subject to fines, penalties and liabilities to our employees or government agencies. In addition, efforts to better protect local markets from foreign workers and decisions of countries to withdraw from treaties and joint economic areas may lead to increased

restrictions on the free movement of people and labor and may limit our ability to place key personnel where it could best serve our needs.

We rely on information technology and communication systems in critical areas of our operations and a disruption relating to such technology could harm our business.

In the ordinary course of business, we rely upon information technology networks and systems, some of which are leased from third parties, to process, transmit and store electronic information and to manage and support a variety of business processes and activities. The secure operation of these information technology networks and the processing and maintenance of this information is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by cyber criminals, breaches due to employee error or malfeasance, disruptions during the process of upgrading or replacing computer software or hardware, terminations of business relationships by third party service providers, power outages, computer viruses, telecommunication or utility failures, terrorist acts, natural disasters or other catastrophic events. The occurrence of any of these events could compromise our networks, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or loss of information could result in legal claims or proceedings, disruption to our operations and damage to our reputation, any of which could adversely affect our business. In addition, as security threats continue to evolve, we may need to invest additional resources to protect the security of our systems.

In the event that we decide to switch providers or to implement upgrades or replacements to our own systems, we may be unsuccessful in the development of our own systems or we may underestimate the costs and expenses of switching providers or developing and implementing our own systems. Also, our revenue may be hampered during the period of implementing an alternative system, which period could extend longer than we anticipated.

The costs of complying with the requirements of laws pertaining to the privacy and security of personal information and the potential liability associated with the failure to comply with such laws could materially adversely affect our business and results of operations.

We collect personally identifiable information ("PII") and other data as part of our business processes and operations. The legislative and regulatory framework relating to privacy and data protection is rapidly evolving worldwide and is likely to remain uncertain for the foreseeable future. This data is subject to a variety of U.S. and international laws and regulations. Many foreign countries and governmental bodies, including the European Union, Canada and other jurisdictions where we conduct business, have laws and regulations concerning the collection and use of PII and other data obtained from their residents or by businesses operating within their jurisdictions that are more restrictive than those in the U.S. Additionally, the European Union adopted the General Data Protection Regulation ("GDPR") that will impose more stringent data protection requirements for processors and controllers of personal data, including expanded disclosures about how PII is to be used, limitations on retention of PII, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. The GDPR will become effective in May 2018, and there can be no assurance that we will timely have all processes implemented for full compliance with the regulation. The GDPR provides severe penalties for noncompliance.

Any inability, or perceived inability, to adequately address privacy and data protection issues, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations (including at newly-acquired companies) could result in additional cost and liability to us, result in governmental investigations and enforcement actions, give rise to civil litigation, damage to our reputation (including the loss of trust by our customers and employees), inhibit sales, and otherwise adversely affect our business. We also may be subject to these adverse effects if other parties with whom we do business, including lenders, suppliers, consultants and advisors, violate applicable laws or contractual obligations or suffer a security breach.

Business interruptions in our distribution centers or other facilities may affect our operations, the function of our computer systems, and/or the availability and distribution of merchandise, which may affect our business.

Weather, terrorist activities, war or other disasters, or the threat of any of them, may result in the closure of our distribution centers or other facilities or may adversely affect our ability to deliver inventory through our system on a timely basis. This may affect our ability to serve our customers, resulting in lost sales or a potential loss of customer loyalty. Some of our merchandise is imported from other countries and these goods could become difficult or impossible to bring into the U.S. or into the other countries in which we operate, and we may not be able to obtain such merchandise from other sources at similar prices. Such a disruption in revenue could potentially have a negative impact on our results of operations and financial condition.

We are subject to environmental regulations and incur costs relating to environmental matters.

We are subject to various environmental protection and health and safety laws and regulations governing, among other things: the emission and discharge of hazardous materials into the ground, air, or water; exposure to hazardous materials;

and the generation, handling, storage, use, treatment, identification, transportation, and disposal of industrial by-products, waste water, storm water, and mercury and other hazardous materials. We are also required to obtain environmental permits from governmental authorities for certain of our operations. If we violate or fail to obtain or comply with these laws, regulations, or permits, we could be fined or otherwise sanctioned by regulators or lose our operating permits. We could also become liable if employees or other parties are improperly exposed to hazardous materials. We have an environmental management process designed to facilitate and support our compliance with these requirements. We cannot assure you, however, that we will at all times be in complete compliance with such requirements.

We have made and will continue to make capital and other expenditures relating to environmental matters. Although we presently do not expect to incur any capital or other expenditures relating to environmental controls or other environmental matters in amounts that would be material to us, we may be required to make such expenditures in the future.

Under certain environmental laws, we could be held responsible for all of the costs relating to any contamination at, or migration to or from, our or our predecessors' past or present facilities and at independent waste disposal sites. These laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of such hazardous substances. Many of our facilities are located on or near properties with a history of industrial use that may have involved hazardous materials. As a result, some of our properties may be contaminated. Some environmental laws hold current or previous owners or operators of real property liable for the costs of cleaning up contamination. These environmental laws also impose liability on any person who disposes of, treats, or arranges for the disposal or treatment of hazardous substances, regardless of whether the affected site is owned or operated by such person, and at times can impose liability on companies deemed under law to be a successor to such person. Third parties may also make claims against owners or operators of properties, or successors to such owners or operators, for personal injuries and property damage associated with releases of hazardous or toxic substances.

Contamination resulting from vehicle recycling processes can include soil and ground water contamination from the release, storage, transportation, or disposal of gasoline, motor oil, antifreeze, transmission fluid, chlorofluorocarbons ("CFCs") from air conditioners, other hazardous materials, or metals such as aluminum, cadmium, chromium, lead, and mercury. Contamination from the refurbishment of chrome plated bumpers can occur from the release of the plating material. Contamination can migrate on-site or off-site which can increase the risk, and the amount, of any potential liability.

When we identify a potential material environmental issue during our acquisition due diligence process, we analyze the risks, and, when appropriate, perform further environmental assessment to verify and quantify the extent of the potential contamination. Furthermore, where appropriate, we have established financial reserves for certain environmental matters. In the event we discover new information or if laws change, we may incur significant liabilities, which may exceed our reserves.

Environmental laws are complex, change frequently, and have tended to become more stringent over time. Our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations, or financial condition.

We could be subject to product liability claims and involved in product recalls.

If customers of repair shops that purchase our products are injured or suffer property damage, we could be subject to product liability claims by such customers. The successful assertion of this type of claim could have an adverse effect on our business, results of operations or financial condition. In addition, we may become involved in the recall of a product that is determined to be defective. More generally, a recall involving alternative parts, even if we did not sell the recalled products, could adversely affect the perceived quality of alternative parts, leading to decreased usage of alternative parts. The expenses of a recall and the damage to our reputation, or the reputation of alternative parts generally, could have an adverse effect on our business, results of operations or financial condition.

We have agreed to defend and indemnify in certain circumstances insurance companies and customers against claims and damages relating to product liability and product recalls. The existence of claims or damages for which we must defend and indemnify these parties could also negatively impact our business, results of operations or financial condition.

Governmental agencies may refuse to grant or renew our operating licenses and permits.

Our operating subsidiaries in our salvage, self-service, and refurbishing operations must obtain licenses and permits from state and local governments to conduct their operations. When we develop or acquire a new facility, we must seek the approval of state and local units of government. Governmental agencies may resist the establishment of a vehicle recycling or refurbishing facility in their communities. There can be no assurance that future approvals or transfers will be granted. In addition, there can be no assurance that we will be able to maintain and renew the licenses and permits our operating subsidiaries currently hold.

New regulations related to conflict-free minerals may force us to incur additional expenses and otherwise adversely impact our business .

In August 2012, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC adopted final rules regarding disclosure of the use of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo or adjoining countries. These new requirements impose significant burdens on U.S. public companies. Compliance with the rules requires substantial due diligence in an effort to determine whether products contain the conflict minerals. The results of such due diligence efforts must be disclosed on an annual basis in a filing with the SEC.

Our supply chain is complex and we may incur significant costs to determine the source of any such minerals used in our products. We may also incur costs with respect to potential changes to products, processes or sources of supply as a consequence of our diligence activities. Further, the implementation of these rules and their effect on customer, supplier and/or consumer behavior could adversely affect the sourcing, supply and pricing of materials used in our products. As there may be only a limited number of suppliers offering products free of conflict minerals in some circumstances, we cannot be sure that we will be able to obtain necessary products from such suppliers in sufficient quantities or at competitive prices. We may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict-free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products through the procedures we implement. Accordingly, these rules could have a material adverse effect on our business, results of operations and/or financial condition.

If we experience problems with our fleet of trucks and other vehicles, our business could be harmed.

We use a fleet of trucks and other vehicles to deliver the majority of the products we sell. We are subject to the risks associated with providing delivery services, including inclement weather, disruptions in the transportation infrastructure, governmental regulation, availability and price of fuel, liabilities arising from accidents to the extent we are not covered by insurance, and insurance premium increases. In addition, our failure to deliver products in a timely and accurate manner could harm our reputation and brand, which could have a material adverse effect on our business.

We may lose the right to operate at key locations.

We lease most of the properties at which we conduct our businesses. At the end of a lease term, we must negotiate a renewal, exercise a purchase option (to the extent we have that right), or find a new location. There can be no assurance that we will be able to negotiate renewals on terms acceptable to us or that we will find a suitable alternative location, especially with respect to our salvage operations (which have characteristics that are often not attractive to landlords or local governments). In such cases, we may lose the right to operate at key locations.

Our effective tax rate could materially increase as a consequence of various factors, including interpretations and administrative guidance in regard to the Tax Act (defined below), U.S. and/or international tax legislation, mix of earnings by jurisdiction and U.S. and foreign jurisdictional audits.

We are a U.S. based multinational company subject to income taxes in the U.S. and a number of foreign jurisdictions. Therefore, we are subject to changes in tax laws in each of these jurisdictions and such changes could have a material adverse effect on our effective tax rate and cash flows.

On December 22, 2017, the U.S. enacted legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). Among other things, the Tax Act reduces the U.S. statutory corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. Additionally, beginning in 2018, the Tax Act imposes a regime of taxation on foreign subsidiary earnings (Global Intangible Low-Taxed Income, “GILTI”) and on certain related party payments (Base Erosion Anti-abuse Tax, “BEAT”). Other important changes potentially material to the our operations include the full expensing of certain assets placed into service after September 27, 2017, the repeal of the domestic manufacturing deduction, and additional limitations on the deductibility of executive compensation. Finally, as part of the transition of U.S. international taxation from a worldwide tax system to a territorial tax system, the Tax Act imposes a one-time transition tax on the deemed repatriation of historical earnings of foreign subsidiaries as of December 31, 2017. Other than the transition tax and revaluation of deferred tax balances (which are applicable to us for 2017), the provisions will generally be applicable in 2018 and beyond. In accordance with the guidance provided in SEC Staff Accounting Bulletin (“SAB”) No. 118, in the fourth quarter of 2017, we recorded provisional reasonable estimates of the impact of the Tax Act, including $51 million for the transition tax and a deferred tax benefit of $73 million related to the revaluation of deferred tax balances based on the new rate. We are continuing to analyze the Tax Act and plan to finalize the estimate within the measurement period outlined in SAB No.118. The final adjustments may differ from the provisional reasonable estimates (and such difference may be material) if provisions of the Tax Act, and their interaction with other provisions of the U.S. Internal Revenue Code, are interpreted differently than interpretations made by us in determining the estimates, whether through issuance of administrative guidance, or through further review of the Tax Act. Depending upon future interpretations and administrative guidance in respect of the Tax Act’s base broadening provisions, the Tax Act could have a material adverse effect on the Company’s effective tax rate and cash flows.

Certain non-U.S. jurisdictions are considering tax legislation based upon recommendations made by the Organization for Economic Co-operation and Development in connection with its Base Erosion and Profit Shifting study. The outcome of these legislative developments could have a material adverse effect on our effective tax rate and cash flows.

The tax rates applicable in the jurisdictions within which we operate vary widely. Therefore, our effective tax rate may be adversely affected by changes in the mix of our earnings by jurisdiction.

We are also subject to ongoing audits of our income tax returns in various jurisdictions both in the U.S. and internationally. While we believe that our tax positions will be sustained, the outcomes of such audits could result in the assessment of additional taxes, which could adversely impact our cash flows and financial results.

Risks Relating to Our Common Stock and Financial Structure

The market price of our common stock may be volatile and could expose us to securities class action litigation.

The stock market and the price of our common stock may be subject to wide fluctuations based upon general economic and market conditions. The market price for our common stock may also be affected by our ability to meet analysts' expectations. Failure to meet such expectations, even slightly, could have an adverse effect on the market price of our common stock. In addition, stock market volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of these companies. Downturns in the stock market may cause the price of our common stock to decline. Additionally, the market price for our common stock has been in the past, and in the future may be, adversely affected by allegations made or reports issued by short sellers, analysts, activists or others regarding our business model, our management or our financial accounting.

Following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such companies. If similar litigation were instituted against us, it could result in substantial costs and a diversion of our management's attention and resources, which could have an adverse effect on our business.

Delaware law, our charter documents and our loan documents may impede or discourage a takeover, which could affect the price of our stock.

The anti-takeover provisions of our certificate of incorporation and bylaws, our loan documents and Delaware law could, together or separately, impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders. Our certificate of incorporation and bylaws have provisions that could discourage potential takeover attempts and make attempts by stockholders to change management more difficult. Our credit agreement provides that a change of control is an event of default. Our incorporation under Delaware law and these provisions could also impede an acquisition, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the price of our common stock.

Future sales of our common stock or other securities may depress our stock price.

We and our stockholders may sell shares of common stock or other equity, debt or instruments which constitute an element of our debt and equity (collectively, "securities") in the future. We may also issue shares of common stock under our equity incentive plan or in connection with future acquisitions. We cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of shares of our common stock or other securities will have on the price of our common stock. Sales of substantial amounts of common stock (including shares issued in connection with an acquisition), the issuance of additional debt securities, or the perception that such sales or issuances could occur, may cause the price of our common stock to fall.

We have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business.

As of December 3 1, 2017, we had approximately $2.1 billion aggregate principal amount of secured debt outstanding and approximately $1.4 billion of availability under our credit agreement ($1.5 billion of availability reduced by $71 million of amounts outstanding under letters of credit). In addition, we had approximately $1.2 billion aggregate principal amount of unsecured debt outstanding comprising $600 million aggregate principal amount of 4.75% senior notes due May 15, 2023 (the "U.S. Notes (2023)") an d €500 million ($600 million) aggregate principal amount of 3.875% senior notes due April 1, 2024 (the "Euro Notes (2024)," and together with the U.S. Notes (2023), the "senior notes"). Borrowings under the credit agreement mature in January 2023.

Our significant amount of debt and our debt service obligations could limit our ability to satisfy our obligations, limit our ability to operate our business and impair our competitive position.

For example, our debt and our debt service obligations could:

- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, because a portion of our borrowings are and will continue to be at variable rates of interest;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, which would reduce the availability of our cash flow from operations to fund working capital, capital expenditures or other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a disadvantage compared to competitors that may have proportionately less debt;
- limit our ability to obtain additional debt or equity financing due to applicable financial and restrictive covenants in our debt agreements; and
- increase our cost of borrowing.

In addition, if we or our subsidiaries incur additional debt, the risks associated with our substantial leverage and the ability to service such debt would increase.

Our senior notes do not impose any limitations on our ability to incur additional debt or protect against certain other types of transactions.

Although we are subject to our credit agreement for so long as it remains in effect, the indentures governing the senior notes do not restrict the future incurrence of unsecured indebtedness, guarantees or other obligations. The indentures contain certain limitations on our ability to incur liens on assets and engage in sale and leaseback transactions. However, these limitations are subject to important exceptions. In addition, the indentures do not contain many other restrictions, including certain restrictions contained in our credit agreement, including, without limitation, investments or prepaying subordinated indebtedness or engaging in transactions with our affiliates.

Our credit agreement will permit, subject to specified conditions and limitations, the incurrence of a significant amount of additional indebtedness. As of December 31, 2017, we would have been able to incur an additional $1.4 billion of indebtedness under our credit agreement ($1.5 billion of availability reduced by $71 million of amounts outstanding under letters of credit). If we or our subsidiaries incur additional debt, the risks associated with our substantial leverage and the ability to service such debt would increase. If we close the acquisition of Stahlgruber, we will incur approximately $1.5 billion of additional debt to partially fund the purchase price; this amount is subject to change, depending on factors such as Stahlgruber's debt at closing and the acquisition date exchange rate.

Our credit agreement imposes significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

Our credit agreement imposes significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- incur, assume or permit to exist additional indebtedness (including guarantees thereof);
- pay dividends or certain other distributions on our capital stock or repurchase our capital stock or prepay subordinated indebtedness;
- incur liens on assets;
- make certain investments or other restricted payments;
- engage in transactions with affiliates;
- sell certain assets or merge or consolidate with or into other companies;
- guarantee indebtedness; and
- alter the business we conduct.

As a result of these covenants and restrictions, we will be limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants. The failure to comply with any of these covenants would cause a default under the credit agreement. A default, if not waived, could result in acceleration of our debt, in which case the debt would become immediately due and payable. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if new financing were available, it may be on terms that are less attractive to us than our existing credit facilities or it may be on terms that are not acceptable to us.

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. If our operating results and available cash are insufficient to meet our debt service obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due. Any future refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants which could further restrict our business operations. Additionally, the credit agreement and the indentures that govern our senior notes limit the use of the proceeds from certain dispositions of our assets; as a result, our credit agreement and our senior notes may prevent us from using the proceeds from such dispositions to satisfy all of our debt service obligations.

Our future capital needs may require that we seek to refinance our debt or obtain additional debt or equity financing, events that could have a negative effect on our business.

We may need to raise additional funds in the future to, among other things, refinance existing debt, fund our existing operations, improve or expand our operations, respond to competitive pressures, or make acquisitions. From time to time, we may raise additional funds through public or private financing, strategic alliances, or other arrangements. Funds may not be available or available on terms acceptable to us as a result of different factors, including but not limited to turmoil in the credit markets that results in the tightening of credit conditions and current or future regulations applicable to the financial institutions from whom we seek financing. If adequate funds are not available on acceptable terms, we may be unable to meet our business or strategic objectives or compete effectively. If we raise additional funds by issuing equity securities, stockholders may experience dilution of their ownership interests, and the newly issued securities may have rights superior to those of the common stock. If we raise additional funds by issuing debt, we may be subject to higher borrowing costs and further limitations on our operations. If we refinance or restructure our debt, we may incur charges to write off the unamortized portion of deferred debt issuance costs from a previous financing, or we may incur charges related to hedge ineffectiveness from our interest rate swap obligations. In addition, there are restrictions in the indenture that governs the U.S. Notes (2023) on our ability to refinance such notes prior to May 15, 2018. There are also restrictions in the indenture that governs the Euro Notes (2024) on our ability to refinance such notes prior to January 1, 2024. If we fail to raise capital when needed, our business may be negatively affected.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly and could affect the value of our senior notes.

Certain borrowings under our credit agreement and the borrowing under our accounts receivable securitization facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Moreover, changes in market interest rates could affect the trading value of the notes. Assuming all revolving loans were fully drawn and no interest rate swaps were in place, each one percentage point change in interest rates would result in a $36 million change in annual cash interest expense under our credit agreement and our accounts receivable securitization facility.

Repayment of our indebtedness, including our senior notes, is dependent on cash flow generated by our subsidiaries.

We are a holding company and repayment of our senior notes will be dependent upon cash flow generated by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are borrowers or guarantors of the indebtedness, our subsidiaries do not have any obligation to pay amounts due on the indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the senior notes. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and, under certain circumstances, distributions from our subsidiaries may be subject to significant taxes that reduce the amount of such distributions available to us. While the indentures governing the senior notes limit the ability of our subsidiaries to restrict the payment of dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the senior notes.

A downgrade in our credit rating would impact our cost of capital and could impact the market value of our senior notes.

Credit ratings have an important effect on our cost of capital. Credit rating agencies rate our debt securities on factors that include, among other items, our results of operations, business decisions that we make, their view of the general outlook for our industry, and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading, or downgrading the current rating or placing us on a watch list for possible future downgrading. We believe our current credit ratings enhance our ability to borrow funds at favorable rates. A downgrade in our current credit rating from a rating agency could adversely affect our cost of capital by causing us to pay a higher interest rate on borrowed funds under our credit facilities. A downgrade could also adversely affect the market price and/or liquidity of our senior notes, preventing a holder from selling the senior notes at a favorable price, as well as adversely affecting our ability to issue new notes in the future or incur other indebtedness upon favorable terms.

The right to receive payments on the senior notes is effectively junior to those lenders who have a security interest in our assets.

Our obligations under our senior notes and our guarantors' obligations under their guarantees of the senior notes are unsecured, but our and each co-borrower's obligations under our credit agreement and each guarantor's obligations under their respective guarantees of the credit agreement are secured by a security interest in substantially all of our domestic tangible and intangible assets, including the stock of most of our wholly-owned United States subsidiaries and the stock of certain of our non-United States subsidiaries. If we are declared bankrupt or insolvent, or if we default under our credit agreement, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of our senior notes, even if an event of default exists under the applicable indenture governing the senior notes. Furthermore, if the lenders foreclose and sell the pledged equity interests in any subsidiary guarantor under our senior notes, then that guarantor will be released from its guarantee of the senior notes automatically and immediately upon such sale. In any such event, because the senior notes are not secured by any of our assets or the equity interests in subsidiary guarantors, it is possible that there would be no assets remaining from which claims by holders of the senior notes could be satisfied or, if any assets remained, they might be insufficient to satisfy claims fully. As of December 31, 2017, we had approximately $2.1 billion aggregate principal amount of secured debt outstanding and approximately $1.4 billion of availability under the credit agreement ($1.5 billion of availability reduced by $71 million of amounts outstanding under letters of credit).

United States federal and state statutes allow courts, under specific circumstances, to void the senior notes and the guarantees, subordinate claims in respect of the senior notes and the guarantees, and require holders of the senior notes to return payments received from us or the guarantors.

Our direct and indirect domestic subsidiaries that are obligors under the credit agreement guarantee the obligations under our senior notes. In addition, certain subsidiaries of the issuer of the Euro Notes (2024) guarantee the obligations under the Euro Notes (2024). The issuance of our senior notes and the issuance of the guarantees by the guarantors may be subject to review under state and federal laws if a bankruptcy, liquidation or reorganization case or a lawsuit, including in circumstances in which bankruptcy is not involved, were commenced at some future date by, or on behalf of, our unpaid creditors or the unpaid creditors of a guarantor. Under the federal bankruptcy laws of the United States and comparable provisions of state fraudulent transfer laws, a court may avoid or otherwise decline to enforce the senior notes, or a guarantor's guarantee, or may subordinate the senior notes, or such guarantee, to our or the applicable guarantor's existing and future indebtedness. While the relevant laws may vary from jurisdiction to jurisdiction, a court might do so if it found that when indebtedness under the senior notes was issued, or when the applicable guarantor entered into its guarantee, or, in some jurisdictions, when payments became due under the senior notes, or such guarantee, the issuer or the applicable guarantor received less than reasonably equivalent value or fair consideration and:

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the senior notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the senior notes. Thus, if the guarantees were legally challenged, any guarantee could be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than reasonably equivalent value or fair consideration. If a court were to void the issuance of the senior notes or any guarantee, a holder of the senior notes would no longer have any claim against us or the applicable guarantor. In the event of a finding that a fraudulent transfer or conveyance occurred, a holder of the senior notes may not receive any repayment on the senior notes. Further, the avoidance of the senior notes could result in an event of default with respect to our and our subsidiaries' other debt, which could result in acceleration of that debt. The measures of insolvency for

purposes of these fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an issuer or a guarantor, as applicable, would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

A court might also void the senior notes, or a guarantee, without regard to the above factors, if the court found that the senior notes were incurred or issued or the applicable guarantor entered into its guarantee with actual intent to hinder, delay or defraud its creditors. We cannot give any assurance as to what standard a court would apply in determining whether we or the guarantors were solvent at the relevant time or that a court would agree with our conclusions in this regard, or, regardless of the standard that a court uses, that it would not determine that we or a guarantor were indeed insolvent on that date; that any payments to the holders of the senior notes (including under the guarantees) did not constitute preferences, fraudulent transfers or conveyances on other grounds; or that the issuance of the senior notes and the guarantees would not be subordinated to our or any guarantor's other debt. In addition, any payment by us or a guarantor pursuant to the senior notes, or its guarantee, could be avoided and required to be returned to us or such guarantor or to a fund for the benefit of our or such guarantor's creditors, and accordingly the court might direct holders of the senior notes to repay any amounts already received from us or such guarantor. Among other things, under U.S. bankruptcy law, any payment by us pursuant to the senior notes or by a guarantor under a guarantee made at a time we or such guarantor were found to be insolvent could be voided and required to be returned to us or such guarantor or to a fund for the benefit of our or such guarantor's creditors if such payment is made to an insider within a one-year period prior to a bankruptcy filing or within 90 days for any outside party and such payment would give such insider or outsider party more than such party would have received in a distribution under the Bankruptcy Code in a hypothetical Chapter 7 case. Although each guarantee contains a "savings clause" intended to limit the subsidiary guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its subsidiary guarantee to be a fraudulent transfer, this provision may not be effective as a legal matter to protect any subsidiary guarantees from being avoided under fraudulent transfer law. In that regard, in *Official Committee of Unsecured Creditors of TOUSA, Inc. v Citicorp North America, Inc* ., the United States Bankruptcy Court in the Southern District of Florida held that a savings clause similar to the savings clause included in our indentures was unenforceable. As a result, the subsidiary guarantees were found to be fraudulent conveyances. The United States Court of Appeals for the Eleventh Circuit subsequently affirmed the liability findings of the Bankruptcy Court without ruling directly on the enforceability of savings clauses generally. If the decision of the bankruptcy court in *TOUSA* were followed by other courts, the risk that the guarantees would be deemed fraudulent conveyances would be significantly increased.

To the extent a court avoids the senior notes or any of the guarantees as fraudulent transfers or holds the senior notes or any of the guarantees unenforceable for any other reason, the holders of the senior notes would cease to have any direct claim against us or the applicable guarantor. If a court were to take this action, our or the applicable guarantor's assets would be applied first to satisfy our or the applicable guarantor's other liabilities, if any, and might not be applied to the payment of the senior notes. Sufficient funds to repay the senior notes may not be available from other sources, including the remaining guarantors, if any. In addition, the Euro Notes (2024) and the guarantees may be subject to avoidance under the laws of other foreign jurisdictions, including Italy and Czech Republic, to the extent that we, the issuer of the Euro Notes (2024), or any of the guarantors (as applicable) were to be the subject of an insolvency or related proceeding in such jurisdiction(s).

Not all of our subsidiaries have guaranteed our credit agreement or our senior notes, and the assets of our non-guarantor subsidiaries may not be available to make payments on such obligations.

Not all of our subsidiaries have guaranteed the credit agreement, our U.S. Notes (2023) or our Euro Notes (2024). In the event that any non-guarantor subsidiary becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of its indebtedness and its trade creditors generally will be entitled to payment on their claims from the assets of that subsidiary before any of those assets are made available to the lenders under the credit agreement or the holders of the senior notes. Consequently, claims in respect of the credit agreement and the senior notes are structurally subordinated to all of the liabilities of our subsidiaries that are not guarantors of such instruments, including trade payables, and any claims of third party holders of preferred equity interests, if any, in our non-guarantor subsidiaries. For the year ended December 31, 2017, our subsidiaries that are not borrowers under or do not guarantee the credit agreement and our subsidiaries that do not guarantee the U.S. Notes (2023) represented approximately 42% and 26% of our total revenue and operating income, respectively. In addition, these non-guarantor subsidiaries represented approximately 49% and 41% of our total assets and total liabilities, respectively, as of December 31, 2017 (excluding, in each case, intercompany amounts). As of the same date, our subsidiaries that do not guarantee the credit agreement or the U.S. Notes (2023) had approximately $1.3 billion of outstanding indebtedness (which includes $460 million of borrowings under our revolving credit facilities by foreign subsidiaries that are borrowers under the revolving credit facilities but that do not guarantee the U.S. Notes (2023)). The group of subsidiaries that does not guarantee the

Euro Notes (2024) is similar to the group that does not guarantee the U.S. Notes (2023), except that, in addition to the issuer of the Euro Notes (2024), there are four subsidiaries in the group that does not guarantee the U.S. Notes (2023) that guarantee the Euro Notes (2024).

We may not be able to repurchase the senior notes upon a change of control or pursuant to an asset sale offer.

Upon a change of control, as defined in the indentures governing the senior notes, the holders of the senior notes will have the right to require us to offer to purchase all of the senior notes then outstanding at a price equal to 101% of their principal amount plus accrued and unpaid interest. Such a change of control would also be an event of default under our credit agreement. In order to obtain sufficient funds to pay amounts due under the credit agreement and the purchase price of the outstanding senior notes, we expect that we would have to refinance our indebtedness. We cannot assure you that we would be able to refinance our indebtedness on reasonable terms, if at all. Our failure to offer to purchase all outstanding senior notes or to purchase all validly tendered senior notes would be an event of default under the indenture. Such an event of default may cause the acceleration of our other debt. Our other debt also may contain restrictions on repayment requirements with respect to specified events or transactions that constitute a change of control under the indenture.

The definition of change of control in the indentures governing the senior notes includes a phrase relating to the sale of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of senior notes to require us to repurchase its senior notes as a result of a sale of less than all our assets to another person may be uncertain.

In addition, in certain circumstances as specified in the indentures governing the senior notes, we will be required to commence an asset sale offer, as defined in the indentures governing the senior notes, pursuant to which we will be obligated to purchase certain senior notes at a price equal to 100% of their principal amount plus accrued and unpaid interest with the proceeds we receive from certain asset sales. Our other debt may contain restrictions that would limit or prohibit us from completing any such asset sale offer. In particular, our credit agreement contains provisions that require us, upon the sale of certain assets, to apply all of the proceeds from such asset sale to the prepayment of amounts due under the credit agreement. The mandatory prepayment obligations under the credit agreement will be effectively senior to our obligations to make an asset sale offer with respect to the senior notes under the terms of the indentures governing the senior notes. Our failure to purchase any such senior notes when required under the indentures would be an event of default under the indentures.

Key terms of the senior notes will be suspended if the notes achieve investment grade ratings and no default or event of default has occurred and is continuing.

Many of the covenants in the indentures governing the senior notes will be suspended if the senior notes are rated investment grade by Standard & Poor's and Moody's provided at such time no default or event of default has occurred and is continuing, including those covenants that restrict, among other things, our ability to pay dividends, incur liens and to enter into certain other transactions. There can be no assurance that the senior notes will ever be rated investment grade. However, suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force (although provisions under our other debt, like the credit agreement, may continue to restrict us from engaging in these transactions), and the effects of any such transactions will be permitted to remain in place even if the senior notes are subsequently downgraded below investment grade.

The liquidity and market value of the senior notes may change due to a variety of factors.

The liquidity of any trading market in the senior notes, and the market price quoted for the senior notes, may be adversely affected by changes in the overall market for these types of securities, changes in interest rates, changes in our ratings, and changes in our financial performance or prospects or in the prospects for companies in our industries generally.

We rely on an accounts receivable securitization program for a portion of our liquidity.

We have an arrangement whereby we sell an interest in a portion of our accounts receivable to a special purpose vehicle and receive funding through the commercial paper market. This arrangement expires in November 2019. In the event that the market for commercial paper were to close or otherwise become constrained, our cost of credit relative to this program could rise, or credit could be unavailable altogether.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our properties are described in Item 1 of this Annual Report on Form 10-K, and such description is incorporated by reference into this Item 2. Our properties are sufficient to meet our present needs, and we do not anticipate any difficulty in securing additional space to conduct operations or additional office space, as needed, on terms acceptable to us.

ITEM 3. LEGAL PROCEEDINGS

We are from time to time subject to various claims and lawsuits incidental to our business. In the opinion of management, currently outstanding claims and suits will not, individually or in the aggregate, have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

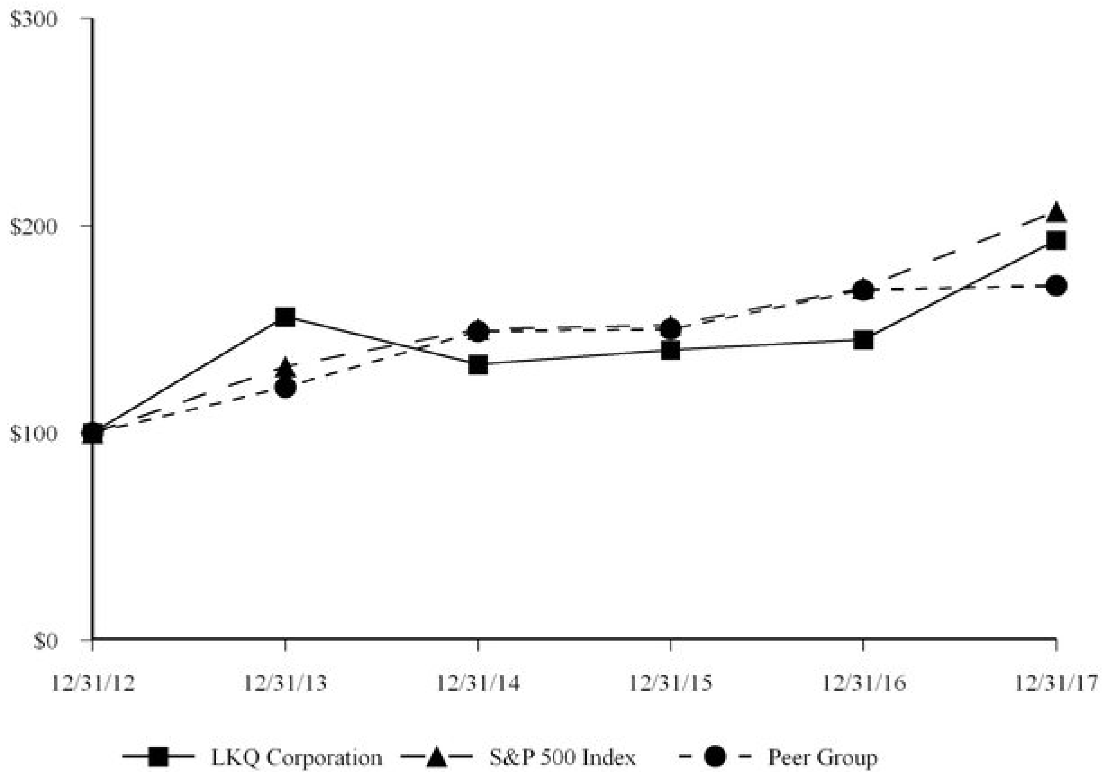
Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "LKQ." At December 31, 2017 , there were 19 record holders of our common stock. The following table sets forth, for the periods indicated, the range of the high and low sales prices of shares of our common stock on NASDAQ.

	High	Low
2017		
Fourth Quarter	$ 41.42	$ 35.78
Third Quarter	$ 36.05	$ 31.17
Second Quarter	$ 33.09	$ 27.85
First Quarter	$ 33.17	$ 29.03
2016		
Fourth Quarter	$ 35.58	$ 29.57
Third Quarter	$ 36.35	$ 31.18
Second Quarter	$ 34.26	$ 29.37
First Quarter	$ 32.12	$ 23.95

We have not paid any cash dividends on our common stock. We intend to continue to retain our earnings to finance our growth and for general corporate purposes. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. In addition, our senior secured credit agreement and our senior notes indentures contain, and future financing agreements may contain, limitations on payment of cash dividends or other distributions of assets. Based on limitations in effect under our senior secured credit agreement and senior notes indentures, the maximum amount of dividends we could pay as of December 31, 2017 was approximately $1.4 billion . The limit on the payment of dividends is calculated using historical financial information and will change from period to period.

The following graph compares the percentage change in the cumulative total returns on our common stock, the Standard & Poor's 500 Stock In dex ("S&P 500 Index") and the following group of peer companies (the "Peer Group"): Copart, Inc.; O'Reilly Automotive, Inc.; Genuine Parts Company; and Fastenal Co., for the period beginning on December 31, 2012 and ending on December 31, 2017 (which was the last day of our 2017 fiscal year). The stock price performance in the graph is not necessarily indicative of future stock price performance. The graph assumes that the value of an investment in each of the Company's common stock, the S&P 500 Index and the Peer Group was $100 on December 31, 2012 and that all dividends , where applicable, were reinvested.

Comparison of Cumulative Return
Among LKQ Corporation, the S&P 500 Index and the Peer Group



	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
LKQ Corporation	$ 100	$ 156	$ 133	$ 140	$ 145	$ 193
S&P 500 Index	$ 100	$ 132	$ 150	$ 152	$ 170	$ 207
Peer Group	$ 100	$ 122	$ 149	$ 150	$ 169	$ 171

This stock performance information is "furnished" and shall not be deemed to be "soliciting material" or subject to Rule 14A, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this report and irrespective of any general incorporation by reference language in any such filing, except to the extent that it specifically incorporates the information by reference.

Information about our common stock that may be issued under our equity compensation plans as of December 31, 2017 included in Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K and our consolidated financial statements and related notes included in Item 8 of this Annual Report on Form 10-K.

	Year Ended December 31,				
(in thousands, except per share data)	**2017**	**2016**	**2015**	**2014**	**2013**
	(1)	**(2)**	**(3)**	**(4)**	**(5)**
Statements of Income Data:					
Revenue	$ 9,736,909	$ 8,584,031	$ 7,192,633	$ 6,740,064	$ 5,062,528
Cost of goods sold	5,937,286	5,232,328	4,359,104	4,088,151	2,987,126
Gross margin	3,799,623	3,351,703	2,833,529	2,651,913	2,075,402
Operating income	847,318	763,398	704,627	649,868	530,180
Other expense (income):					
Interest expense	101,640	88,263	57,860	64,542	51,184
Other (income) expense, net	(20,949)	(2,146)	(2,263)	(2,562)	3,169
Income from continuing operations before provision for income taxes	766,627	677,281	649,030	587,888	475,827
Provision for income taxes	235,560	220,566	219,703	204,264	164,204
Equity in earnings (loss) of unconsolidated subsidiaries	5,907	(592)	(6,104)	(2,105)	—
Income from continuing operations	536,974	456,123	423,223	381,519	311,623
Net (loss) income from discontinued operations	(6,746)	7,852	—	—	—
Net income	530,228	463,975	423,223	381,519	311,623
Less: net loss attributable to noncontrolling interest	(3,516)	—	—	—	—
Net income attributable to LKQ stockholders	$ 533,744	$ 463,975	$ 423,223	$ 381,519	$ 311,623
Basic earnings per share: (6)					
Income from continuing operations	$ 1.74	$ 1.49	$ 1.39	$ 1.26	$ 1.04
Net (loss) income from discontinued operations	(0.02)	0.03	—	—	—
Net income	1.72	1.51	1.39	1.26	1.04
Less: net loss attributable to noncontrolling interest	(0.01)	—	—	—	—
Net income attributable to LKQ stockholders	$ 1.73	$ 1.51	$ 1.39	$ 1.26	$ 1.04
Diluted earnings per share: (6)					
Income from continuing operations	$ 1.73	$ 1.47	$ 1.38	$ 1.25	$ 1.02
Net (loss) income from discontinued operations	(0.02)	0.03	—	—	—
Net income	1.71	1.50	1.38	1.25	1.02
Less: net loss attributable to noncontrolling interest	(0.01)	—	—	—	—
Net income attributable to LKQ stockholders	$ 1.72	$ 1.50	$ 1.38	$ 1.25	$ 1.02
Weighted average shares outstanding-basic	308,607	306,897	304,722	302,343	299,574
Weighted average shares outstanding-diluted	310,649	309,784	307,496	306,045	304,131

(in thousands)	Year Ended December 31, 2017 (1)	2016 (2)	2015 (3)	2014 (4)	2013 (5)
Other Financial Data:					
Net cash provided by operating activities	$ 518,900	$ 635,014	$ 544,282	$ 388,711	$ 446,404
Net cash used in investing activities	(384,595)	(1,709,928)	(329,993)	(920,994)	(505,606)
Net cash (used in) provided by financing activities	(112,567)	1,225,737	(238,537)	501,189	147,593
Capital expenditures	179,090	207,074	170,490	140,950	90,186
Cash paid for acquisitions, net of cash acquired	513,088	1,349,339	160,517	775,921	408,384
Depreciation and amortization	230,203	206,086	128,192	125,437	86,463
Balance Sheet Data:					
Total assets	$ 9,366,872	$ 8,303,199	$ 5,647,837	$ 5,475,739	$ 4,438,058
Working capital (7)	2,499,410	2,045,273	1,588,742	1,491,169	1,062,926
Long-term obligations, including current portion	3,403,980	3,341,771	1,584,702	1,846,148	1,287,242
Total Company stockholders' equity	4,198,169	3,442,949	3,114,682	2,720,657	2,350,745

(1) I ncludes the results of operations of 26 businesses from their respective acquisition dates in 2017.

(2) Includes the results o f operations of: (i) Rhiag, from its acquisition effective March 18, 2016; (ii) the aftermarket automotive glass distribution business of Pittsburgh Glass Works LLC ("PGW autoglass"), from its acquisition effective April 21, 2016; and (iii) 13 other businesses from their respective acquisition dates in 2016.

(3) Includes the results of operations of 18 businesses from their respective acquisition dates in 2015.

(4) Includes the results of operations of Keystone Specialty from its acquisition effective January 3, 2014 and 22 other businesses from their respective acquisition dates in 2014.

(5) Includes the results of operations of Sator from its acquisition effective May 1, 2013 and 19 other businesses from their respective acquisition dates in 2013.

(6) The sum of the individual earnings per share amounts may not equal the total due to rounding.

(7) Working capital amounts exclude assets and liabilities of discontinued operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a global distributor of vehicle products, including replacement parts, components and systems used in the repair and maintenance of vehicles and specialty products and accessories to improve the performance, functionality and appearance of vehicles.

Buyers of vehicle replacement products have the option to purchase from primarily five sources: new products produced by original equipment manufacturers ("OEMs"); new products produced by companies other than the OEMs, which are referred to as aftermarket products; recycled products obtained from salvage vehicles; used products that have been refurbished; and used products that have been remanufactured. We distribute a variety of products to collision and mechanical repair shops, including aftermarket collision and mechanical products; recycled collision and mechanical products; refurbished collision products such as wheels, bumper covers and lights; and remanufactured engines. Collectively, we refer to the four sources that are not new OEM products as alternative parts.

We are a leading provider of alternative vehicle collision replacement products and alternative vehicle mechanical replacement products, with our sales, processing, and distribution facilities reaching most major markets in the United States and Canada. We are also a leading provider of alternative vehicle replacement and maintenance products in Europe. In addition to our wholesale operations, we operate self service retail facilities across the U.S. that sell recycled automotive products from end-of-life-vehicles. We are also a leading distributor of specialty vehicle aftermarket equipment and accessories reaching most major markets in the U.S. and Canada.

We are organized into four operating segments: Wholesale – North America; Europe; Specialty and Self Service. We aggregate our Wholesale – North America and Self Service operating segments into one reportable segment, North America, resulting in three reportable segments: North America, Europe and Specialty.

Our operating results have fluctuated on a quarterly and annual basis in the past and can be expected to continue to fluctuate in the future as a result of a number of factors, some of which are beyond our control. Please refer to the factors discussed in Forward-Looking Statements in Part I, Item 1 and Risk Factors in Part I, Item 1A of this Annual Report on Form 10-K. Due to these factors and others, which may be unknown to us at this time, our operating results in future periods can be expected to fluctuate. Accordingly, our historical results of operations may not be indicative of future performance.

Acquisitions and Investments

Since our inception in 1998, we have pursued a growth strategy through both organic growth and acquisitions. We have pursued acquisitions that we believe will help drive profitability, cash flow and stockholder value. We target companies that are market leaders, will expand our geographic presence and will enhance our ability to provide a wide array of vehicle products to our customers through our distribution network.

On July 3, 2017, we acquired four aftermarket parts distribution businesses in Belgium. The objective of these acquisitions is to transform the existing three-step distribution model in Belgium to a two-step distribution model to align with our Netherlands operations.

On November 1, 2017, we acquired Warn Industries, Inc. ("Warn"), a leading designer, manufacturer and marketer of high performance vehicle equipment and accessories. We expect the acquisition of Warn to expand LKQ's presence in the specialty market and create viable points of entry into related markets.

In addition to the aftermarket parts distribution businesses acquired in Belgium and the acquisition of Warn, during the year ended December 31, 2017, we completed 21 acquisitions, including 6 wholesale businesses in North America, 12 wholesale businesses in Europe and 3 Specialty vehicle aftermarket businesses.

On December 10, 2017, LKQ and its wholly-owned subsidiary LKQ German Holdings GmbH entered into an agreement to acquire Stahlgruber, a leading European wholesale distributor of aftermarket spare parts for passenger cars, tools, capital equipment and accessories with operations in Germany, Austria, Czech Republic, Italy, Slovenia, and Croatia with further sales to Switzerland. The transaction is expected to be completed in the first half of 2018 and is subject to regulatory approvals. This acquisition will expand LKQ's geographic presence in continental Europe and serve as an additional strategic hub for our European operations. In addition, we believe this acquisition will allow for continued improvement in procurement, logistics and infrastructure optimization.

On March 18, 2016, we acquired Rhiag, a distributor of aftermarket spare parts for passenger cars and commercial vehicles in Italy, Czech Republic, Switzerland, Hungary, Romania, Ukraine, Bulgaria, Slovakia, Poland and Spain. This acquisition expanded LKQ's geographic presence in continental Europe, and we believe the acquisition will generate potential procurement synergies in our Europe segment.

On April 21, 2016, we acquired PGW, a leading global distributor and manufacturer of automotive glass products. PGW's business comprised aftermarket automotive replacement glass distribution services and automotive glass manufacturing. On March 1, 2017, we sold the automotive glass manufacturing component of PGW. Unless otherwise noted, the discussion related to PGW throughout Part II, Item 7 of this annual report on Form 10-K refers to the aftermarket glass distribution operations of PGW, PGW autoglass, which is included within continuing operations. See Note 3, "Discontinued Operations " in Item 8 of this annual report on Form 10-K for further information related to our discontinued operations. The acquisition of PGW autoglass expanded our addressable market in North America. Additionally, we believe the acquisition will create potential distribution synergies with our existing network.

In October 2016, we acquired substantially all of the business assets of Andrew Page Limited ("Andrew Page"), a distributor of aftermarket automotive parts in the United Kingdom. The U.K. Competition and Markets Authority ("CMA") concluded its review of this acquisition on October 31, 2017 and determined that we must divest less than 10% of the acquired locations.

In addition to our acquisitions of Rhiag, PGW autoglass, and Andrew Page, we acquired seven wholesale businesses in Europe and five wholesale businesses in North America during the year ended December 31, 2016.

On December 1, 2016, we acquired a 26.5% equity interest in Mekonomen AB ("Mekonomen"), the leading independent car parts and service chain in the Nordic region of Europe, offering a wide range of quality products including spare parts and accessories for cars, and workshop services for consumers and businesses. We are accounting for our interest in Mekonomen using the equity method of accounting, as our investment gives us the ability to exercise significant influence, but not control, over the investee.

During the year ended December 31, 2015, we completed 18 acquisitions, including 4 wholesale businesses in North America and 12 wholesale businesses in Europe, a self service retail operation, and a specialty vehicle aftermarket business. Our wholesale business acquisitions in North America included PartsChannel, Inc. ("Parts Channel"), an aftermarket collision parts distributor. The specialty aftermarket business acquired was The Coast Distribution System, Inc. ("Coast"), a supplier of replacement parts, supplies and accessories for the recreational vehicle ("RV") and outdoor recreation markets. Our European acquisitions included 11 aftermarket parts distribution businesses in the Netherlands, 9 of which were former customers of and distributors for our Netherlands subsidiary, Sator, and were acquired with the objective of expanding our distribution network in the Netherlands. Our other acquisitions completed in 2015 enabled us to expand our geographic presence.

See Note 2, "Business Combinations" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information related to our acquisitions.

Sources of Revenue

We report our revenue in two categories: (i) parts and services and (ii) other. Our parts revenue is generated from the sale of vehicle products including (i) aftermarket, other new and refurbished products and (ii) recycled, remanufactured and related products. Our service revenue is generated primarily from the sale of extended warranties, fees for admission to our self service yards, and processing fees related to the secure disposal of vehicles. During the year ended December 31, 2017 , parts and services revenue represented approximately 95% of our consolidated revenue.

The majority of our parts and services revenue is generated from the sale of vehicle replacement products to collision and mechanical repair shops. In our North America segment, our vehicle replacement products include sheet metal crash parts such as doors, hoods, and fenders; bumper covers; head and tail lamps; automotive glass products such as windshields; mirrors and grills; wheels; and large mechanical items such as engines and transmissions. In our Europe segment, our products include a wide variety of small mechanical products such as filters, belts and hoses, spark plugs, alternators and water pumps, batteries, suspension and brake parts, clutches, and oil and lubricants. The demand for these products is influenced by several factors, including the number of vehicles in operation, the number of miles being driven, the frequency and severity of vehicle accidents, the age profile of vehicles in accidents, seasonal weather patterns and local weather conditions, and the availability and pricing of new OEM parts. With respect to collision related products, automobile insurers exert significant influence over collision repair shops as to how an insured vehicle is repaired and the cost level of the products used in the repair process. Accordingly, we consider automobile insurers to be key demand drivers of our vehicle replacement products in North America. While they are not our direct customers, we do provide insurance carriers services in an effort to promote the increased usage of alternative replacement products in the repair process. Such services include the review of vehicle repair order estimates, direct quotation services to insurance company adjusters and an aftermarket parts quality and service assurance program. We neither charge a fee to the insurance carriers for these services nor adjust our pricing to our customers when we perform these services for insurance carriers. There is no standard price for many of our vehicle replacement products, but rather a pricing structure that varies from day to day based upon such factors as new OEM product prices, product availability, quality, demand, the age and mileage of the vehicle from which the part was obtained (in the case of recycled products), competitor pricing and our product cost.

Our revenue from aftermarket, other new and refurbished products also includes revenue generated from the sale of specialty aftermarket vehicle equipment and accessories. These products are primarily sold to a large customer base of specialty vehicle retailers and equipment installers, including mostly independent, single-site operators. Specialty vehicle aftermarket products are typically installed on vehicles within the first three years of ownership to enhance functionality, performance or aesthetics. As a result, the demand for these products is influenced by new and used vehicle sales and the overall economic health of vehicle owners, which may be affected by general business conditions, interest rates, inflation, consumer debt levels and other matters that influence consumer confidence and spending. The prices for our specialty vehicle products are based on manufacturers' suggested retail prices, with discounts applied based on prevailing market conditions, customer volumes and promotions that we may offer from time to time.

For the year ended December 31, 2017 , re venue from other sources represented approximately 5% of our consolidated sales. These other sources include scrap sales, bulk sales to mechanical manufacturers (including cores) and sales of aluminum ingots and sows from our furnace operations. We derive scrap metal from several sources, including vehicles that have been used in both our wholesale and self service recycling operations and from OEMs and other entities that contract with us for secure disposal of "crush only" vehicles. Other revenue will vary from period to period based on fluctuations in commodity prices and the volume of materials sold.

Cost of Goods Sold

Our cost of goods sold for aftermarket products includes the price we pay for the parts, freight, and overhead costs related to the purchasing, warehousing and distribution of our inventory, including labor, facility and equipment costs and depreciation. Our aftermarket products are acquired from a number of vendors. Our cost of goods sold for refurbished products includes the price we pay for cores, freight, and costs to refurbish the parts, including direct and indirect labor, facility and equipment costs, depreciation and other overhead related to our refurbishing operations.

For recycled products, our cost of goods sold includes the price we pay for the salvage vehicle and, where applicable, auction, towing and storage fees. Prices for salvage vehicles may be impacted by a variety of factors, including the number of buyers competing to purchase the vehicles, the demand and pricing trends for used vehicles, the number of vehicles designated as “total losses” by insurance companies, the production level of new vehicles (which provides the source from which salvage vehicles ultimately come), the age of vehicles at auction and the status of laws regulating bidders or exporters of salvage vehicles. From time to time, we may also adjust our buying strategy to target vehicles with different attributes (for example, age, level of damage, and revenue potential). Due to changes relating to these factors, we have seen the prices we pay for salvage vehicles fluctuate over time. Our cost of goods sold also includes labor and other costs we incur to acquire and dismantle such vehicles. Our labor and labor-related costs related to acquisition and dismantling generally account for between 10% and 15% of our cost of goods sold for vehicles we dismantle. The acquisition and dismantling of salvage vehicles is a manual process and, as a result, energy costs are not material.

Included in our cost of goods sold for remanufactured products is the price we pay for cores; freight; and costs to remanufacture the products, including direct and indirect labor, facility and equipment costs, depreciation and other overhead related to our remanufacturing operations.

Some of our salvage mechanical products are sold with a standard six-month warranty against defects. Additionally, some of our remanufactured engines are sold with a standard three-year warranty against defects. We also provide a limited lifetime warranty for certain of our aftermarket products that is supported by certain of the suppliers of those products. We record the estimated warranty costs at the time of sale using historical warranty claims information to project future warranty claims activity and related expenses.

Other revenue is primarily generated from the hulks and unusable parts of the vehicles we acquire for our wholesale and self service recycled product operations, and therefore, the costs of these sales include the proportionate share of the price we pay for the salvage vehicles as well as the applicable auction, storage and towing fees and internal costs to purchase and dismantle the vehicles. Our cost of goods sold for other revenue will fluctuate based on the prices paid for salvage vehicles, which may be impacted by a variety of factors as discussed above.

Expenses

Our facility and warehouse expenses primarily include our costs to operate our aftermarket warehouses, salvage yards and self service retail facilities. These costs include personnel expenses such as wages, incentive compensation and employee benefits for plant management and facility and warehouse personnel, as well as rent for our facilities and related utilities, property taxes, and repairs and maintenance. The costs included in facility and warehouse expenses do not relate to inventory processing or conversion activities and, as such, are classified below the gross margin line on our Consolidated Statements of Income.

Our distribution expenses primarily include our costs to prepare and deliver our products to our customers. Included in our distribution expense category are personnel costs such as wages, employee benefits and incentive compensation for drivers;

third party freight costs; fuel; and expenses related to our delivery and transfer trucks, including vehicle leases, repairs and maintenance, and insurance.

Our selling and marketing expenses primarily include salary, commission and other incentive compensation expenses for sales personnel; advertising, promotion and marketing costs; credit card fees; telephone and other communication expenses; and bad debt expense. Personnel costs account for the vast majority of our selling and marketing expenses. Most of our sales personnel are paid on a commission basis. The number and quality of our sales force is critical to our ability to respond to our customers' needs and increase our sales volume. Our objective is to continually evaluate our sales force, develop and implement training programs, and utilize appropriate measurements to assess our selling effectiveness.

Our general and administrative expenses primarily include the costs of our corporate offices and field support center, which provide management, treasury, accounting, legal, payroll, business development, human resources and information systems functions. General and administrative expenses include wages, benefits, stock-based compensation and other incentive compensation for corporate, regional and administrative personnel; information systems support and maintenance expenses; and accounting, legal and other professional fees.

Seasonality

Our operating results are subject to quarterly variations based on a variety of factors, influenced primarily by seasonal changes in weather patterns. During the winter months, we tend to have higher demand for our vehicle replacement products because there are more weather related repairs. Our specialty vehicle operations typically generate greater revenue and earnings in the first half of the year, when vehicle owners tend to install this equipment. Our aftermarket glass operations typically generate greater revenue and earnings in the second and third quarters, when the demand for automotive replacement glass increases after the winter weather.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, assumptions, and judgments, including those related to revenue recognition, inventory valuation, business combinations and goodwill impairment. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for our judgments about the carrying values of assets and liabilities and our recognition of revenue. Actual results may differ from these estimates.

Revenue Recognition

We recognize and report revenue from the sale of vehicle products when they are shipped to or picked up by the customers and title has transferred, subject to an allowance for estimated returns, discounts and allowances that management estimates based upon historical information. In instances where a product is returned by a customer, the product would ordinarily be returned within a few days of shipment. We analyze historical returns and allowances activity by comparing the items to the original invoice amounts and dates. We use this information to project future returns and allowances on products sold. If actual returns and allowances are higher than our historical experience, there would be an adverse impact on our operating results in the period of occurrence. In addition, our customers may earn discounts for prompt payment or may earn a discount or rebate upon achievement of sales volumes. We analyze historical and current sales volume activity to estimate and record a liability for any discounts or rebates that we e xpect customers to earn. Any rebates earned are generally applied as a credit to the customer's receivable account.

We recognize revenue from the sale of scrap metal, other metals, and cores when title has transferred, which typically occurs upon delivery to the customer.

Inventory Accounting

Salvage and Remanufactured Inventory . Our salvage inventory cost is established based upon the price we pay for a vehicle, including auction, towing and storage fees, as well as expenditures for buying and dismantling vehicles. Inventory carrying value is determined using the average cost to sales percentage at each of our facilities and applying that percentage to the facility's inventory at expected selling prices, the assessment of which incorporates the sales probability based on a part's days in stock and historical demand. The average cost to sales percentage is derived from each facility's historical profitability for salvage vehicles. Remanufactured inventory cost is based upon the price paid for cores, and also includes expenses incurred for freight, direct manufacturing costs and overhead related to our remanufacturing operations.

For all inventory, carrying value is recorded at the lower of cost or net realizable value and is reduced to reflect current anticipated demand. If actual demand differs from our estimates, additional reductions to inventory carrying value would be necessary in the period such determination is made.

Business Combinations

We record our acquisitions using the purchase method of accounting, under which the acquisition purchase price is allocated to the assets acquired and liabilities assumed based upon their respective fair values. We utilize management estimates and, in some instances, independent third-party valuation firms to assist in determining the fair values of assets acquired, liabilities assumed and contingent consideration granted. Such estimates and valuations require us to make significant assumptions, including projections of future events and operating performance.

Goodwill Impairment

We are required to test our goodwill for impairment at least annually. When testing goodwill for impairment, we are required to evaluate events and circumstances that may affect the performance of the reporting unit and the extent to which the events and circumstances may impact the future cash flows of the reporting unit to determine whether the fair value of the assets exceed the carrying value. If these assumptions or estimates change in the future, we may be required to record impairment charges for these assets. In response to changes in industry and market conditions, we may be required to strategically realign our resources and consider restructuring, disposing of, or otherwise exiting businesses, which could result in an impairment of goodwill.

We perform goodwill impairment tests annually in the fourth quarter and between annual tests whenever events indicate that an impairment may exist . During 2017 , we did not identify any events or changes in circumstances that would more likely than not reduce the fair value of our reporting units below their carrying amounts. Therefore, we did not perform any impairment tests other than our annual test in the fourth quarter of 2017 . As of the date of our annual goodwill impairment test, we were organized into five reporting units: Wholesale - North America, Europe, Specialty, Self Service and Aviation. Our Aviation reporting unit resulted from an acquisition of a small wholesale business in North America completed in 2017.

Our goodwill would be considered impaired if the net book value of a reporting unit exceeded its estimated fair value. The fair value estimates are established using weightings of the results of a discounted cash flow methodology and a comparative market multiples approach. We believe that using two methods to determine fair value limits the chances of an unrepresentative valuation. As of December 31, 2017 , we had a total of $3.5 billion in goodwill subject to future impairment tests. We determined that no adjustments were necessary when we performed our annual impairment testing in the fourth quarter of 2017 on all five reporting units. We noted that the fair value estimate for the Aviation reporting unit exceeded the carrying value by less than 10%. This result aligns with our expectations as there has not been a significant change in the value of the business since the acquisition date in March 2017 while we continue to execute our business plan. All other reporting units had a fair value estimate which exceeded the carrying value by at least 25%. If we were required to recognize goodwill impairments, we would report those impairment losses as part of our operating results.

Recently Issued Accounting Pronouncements

See “Recent Accounting Pronouncements” in Note 4, "Summary of Significant Accounting Policies " to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to new accounting standards.

Financial Information by Geographic Area

See Note 14, "Segment and Geographic Information " to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our revenue and long-lived assets by geographic region.

Results of Operations—Consolidated

The following table sets forth statements of income data as a percentage of total revenue for the periods indicated:

	Year Ended December 31,		
	2017	2016	2015
Revenue	100.0 %	100.0 %	100.0 %
Cost of goods sold	61.0 %	61.0 %	60.6 %
Gross margin	39.0 %	39.0 %	39.4 %
Facility and warehouse expenses	8.2 %	8.0 %	7.7 %
Distribution expenses	8.1 %	8.0 %	8.4 %
Selling, general and administrative expenses	11.6 %	11.5 %	11.5 %
Restructuring and acquisition related expenses	0.2 %	0.4 %	0.3 %
Depreciation and amortization	2.3 %	2.2 %	1.7 %
Operating income	8.7 %	8.9 %	9.8 %
Other expense, net	0.8 %	1.0 %	0.8 %
Income from continuing operations before provision for income taxes	7.9 %	7.9 %	9.0 %
Provision for income taxes	2.4 %	2.6 %	3.1 %
Equity in earnings (loss) of unconsolidated subsidiaries	0.1 %	(0.0)%	(0.1)%
Income from continuing operations	5.5 %	5.3 %	5.9 %
Net (loss) income from discontinued operations	(0.1)%	0.1 %	— %
Net income	5.4 %	5.4 %	5.9 %
Less: net loss attributable to noncontrolling interest	(0.0)%	— %	— %
Net income attributable to LKQ stockholders	5.5 %	5.4 %	5.9 %

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenue. The following table summarizes the changes in revenue by category (in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
	2017	2016	Organic	Acquisition	Foreign Exchange	Total Change
Parts & services revenue	$ 9,208,634	$ 8,144,645	4.1%	9.1%	(0.1)%	13.1%
Other revenue	528,275	439,386	19.6%	0.7%	0.0 %	20.2%
Total revenue	$ 9,736,909	$ 8,584,031	4.9%	8.7%	(0.1)%	13.4%

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

The change in parts and services revenue of 13.1% represented increases in segment revenue of 6.7% in North America, 24.5% in Europe, and 6.7% in Specialty. The increase in other revenue of 20.2% primarily consisted of an $86 million organic increase in other revenue, which was largely attributable to our North America segment. Refer to the discussion of our segment results of operations for factors contributing to the change in revenue by segment during 2017 compared to the prior year.

Cost of Goods Sold . Cost of goods sold remained flat at 61.0% of revenue for the years ended December 31, 2017 and 2016. Cost of goods sold decreased 0.3% as a result of our North America segment, primarily related to our salvage operations. Offsetting this decrease were roughly equal increases in cost of goods sold in our Europe and Specialty segments. Refer to the discussion of our segment results of operations for factors contributing to the changes in cost of goods sold as a percentage of revenue by segment for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Facility and Warehouse Expenses . As a percentage of revenue, facility and warehouse expenses increased to 8.2% in 2017 from 8.0% in 2016, primarily as a result of increased personnel costs in our North America segment.

Distribution Expenses. As a percentage of revenue, distribution expenses increased to 8.1% in 2017 from 8.0% in 2016. The increase reflected a number of individually insignificant fluctuations in distribution expense as a percentage of revenue across all of our segments.

Selling, General and Administrative Expenses. Our, selling, general and administrative ("SG&A") expenses as a percentage of revenue for the year ended December 31, 2017 increased to 11.6% in 2017 from 11.5% in 2016, primarily as a result of a 0.3% increase attributable to our Europe segment. Partially offsetting this increase were decreases in SG&A expense as a percentage of revenue in our North America segment and to a lesser extent, our Specialty segment. Refer to the discussion of our segment results of operations for factors contributing to the changes in SG&A expenses as a percentage of revenue by segment for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Restructuring and Acquisition Related Expenses . The following table summarizes restructuring and acquisition related expenses for the periods indicated (in thousands):

	Year Ended December 31,		
	2017	**2016**	**Change**
Restructuring expenses	$ 5,012 [1]	$ 15,782 [2]	$ (10,770)
Acquisition related expenses	14,660 [3]	21,980 [4]	(7,320)
Total restructuring and acquisition related expenses	$ 19,672	$ 37,762	$ (18,090)

(1) Restructuring expenses for the year ended December 31, 2017 included $2 million, $2 million, and $1 million related to the integration of acquired businesses in our North America, Specialty, and Europe segments. These integration activities included the closure of duplicate facilities and termination of employees.

(2) Restructuring expenses for the year ended December 31, 2016 included $10 million, $3 million, $2 million related to the integration of acquired businesses in our Specialty, North America and Europe segments, respectively. These integration activities included the closure of duplicate facilities and termination of employees.

(3) Acquisition related expenses for the year ended December 31, 2017 included $5 million of costs for our acquisition of Andrew Page, primarily related to legal and other professional fees associated with the CMA review. The remaining acquisition related costs for the year ended December 31, 2017 consisted of external costs for completed acquisitions; pending acquisitions as of December 31, 2017, including $4 million related to Stahlgruber; and potential acquisitions that were terminated.

(4) Acquisition related expenses for the year ended December 31, 2016 reflect $11 million and $4 million related to the acquisitions of Rhiag and PGW autoglass, respectively. The remaining $7 million of expense was related to other completed acquisitions and acquisitions that were pending as of December 31, 2016.

See Note 5, "Restructuring and Acquisition Related Expenses " to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information on our restructuring and integration plans.

Depreciation and Amortization . The following table summarizes depreciation and amortization for the periods indicated (in thousands):

	Year Ended December 31,		
	2017	**2016**	**Change**
Depreciation	$ 117,859	$ 107,945	$ 9,914 [1]
Amortization	101,687	83,488	18,199 [2]
Total depreciation and amortization	$ 219,546	$ 191,433	$ 28,113

(1) The increase in depreciation expense primarily reflected increases of $4 million and $2 million for property, plant and equipment recorded for our acquisitions of Andrew Page and Rhiag, respectively. Depreciation expense increased in 2017 for Andrew Page and Rhiag primarily due to both acquisitions having a full year of results in 2017 compared to a partial year in 2016 (from acquisition dates of October 4, 2016 and March 18, 2016, respectively, through December 31, 2016). The remaining change primarily reflected increased levels of property, plant and equipment to support our organic related growth.

(2) The increase primarily reflected incremental amortization expense of (i) $14 million related to intangibles recorded for our acquisition of Rhiag and (ii) $3 million related to intangibles recorded for acquisitions within our Benelux operations during 2017.

Other Expense, Net. The following table summarizes the components of the year-over-year decrease in other expense, net (in thousands):

Other expense, net for the year ended December 31, 2016	$ 86,117	
Increase (decrease) due to:		
Interest expense	13,377	(1)
Loss on debt extinguishment	(26,194)	(2)
Gain on foreign exchange contracts - acquisition related	18,342	(3)
Gains on bargain purchases	4,337	(4)
Interest and other income, net	(15,288)	(5)
Net decrease	(5,426)	
Other expense, net for the year ended December 31, 2017	$ 80,691	

(1) Additional interest primarily related to borrowings used to fund our acquisitions of Rhiag and PGW.

(2) During the first quarter of 2016, we incurred a $24 million loss on debt extinguishment as a result of our early payment of Rhiag debt assumed as part of the acquisition, and we incurred a $3 million loss on debt extinguishment as a result of our January 2016 amendment to our senior secured credit agreement. We incurred an immaterial loss on debt extinguishment as a result of our December 2017 amendment to our senior secured credit agreement.

(3) In March 2016, we entered into foreign currency forward contracts to acquire a total of €588 million used to fund the purchase price of the Rhiag acquisition. The rates under the foreign currency forwards were favorable to the spot rate on the date the funds were drawn to complete the acquisition, and as a result, these derivatives contracts generated a gain of $18 million.

(4) In October 2016, we acquired Andrew Page out of receivership. We recorded a gain on bargain purchase of $8 million in the fourth quarter of 2016, as the fair value of the net assets acquired exceeded the purchase price. During the year ended December 31, 2017, we increased the gain on bargain purchase for this acquisition by $2 million as a result of changes to our estimate of the fair value of net assets acquired. We also recorded a gain on bargain purchase for another acquisition in Europe completed in the second quarter of 2017.

(5) Interest and other income, net was higher in 2017 primarily due to the impact of foreign currency transaction gains and losses, which had a net $6 million favorable impact compared to the prior year period. This primarily included unrealized gains and losses on foreign currency transactions and unrealized mark-to-market gains and losses on foreign currency forward contracts used to hedge the purchases of inventory in our U.K. operations. Additionally, there was a $4 million gain due to a decrease in the fair value of contingent consideration liabilities. The remaining change related to miscellaneous other income.

Provision for Income Taxes . Our effective income tax rate was 30.7% for the year ended December 31, 2017, compared to 32.6% for the year ended December 31, 2016. The following table summarizes the components of our provision for income taxes for the periods indicated (in thousands):

	Year Ended December 31,		
	2017	**2016**	
Base provision for income taxes	$ 266,403	$ 235,355	(1)
Excess tax benefits from stock-based payments	(8,000)	(11,441)	(2)
U.S. tax reform deferred tax rate adjustment	(72,988)	—	(3)
U.S. tax reform transition tax on foreign earnings	50,800	—	(4)
Other discrete items	(655)	(3,348)	
Provision for income taxes	$ 235,560	$ 220,566	

(1) Excluding the impact of discrete items, our annual effective tax rate has been close to 35% over the prior two years. We are still evaluating the impact of the Tax Act on our future U.S. tax liability, but at this time, we expect that the overall impact of the Tax Act on our effective tax rate will be a decrease in the rate from previous years.

(2) Represents a discrete item for excess tax benefits received upon the exercise of stock options or vesting of RSUs.

(3) Represents the provisional estimate of the revaluation of deferred tax assets and liabilities as a result of the Tax Act which reduced the U.S. federal corporate tax rate.

(4) Represents the provisional estimate of the one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017 as a result of the Tax Act.

For further discussion of the Tax Act, see Note 13, "Income Taxes," included in Part II, Item 8 of this Annual Report on Form 10-K.

Equity in Earnings (Loss) of Unconsolidated Subsidiaries. Equity in earnings of unconsolidated subsidiaries for the year ended December 31, 2017 primarily related to our investment in Mekonomen.

Foreign Currency Impact. We translate our statements of income at the average exchange rates in effect for the period. During the year ended December 31, 2017, the pound sterling rate used to translate the 2017 statements of income declined by 4.9%, while both the Canadian dollar rate and euro rate increased by 2.1% compared to the year ended December 31, 2016. The translation effect of the change in these currencies against the U.S. dollar and realized and unrealized currency losses for the year ended December 31, 2017 resulted in a $0.01 negative effect on diluted earnings per share from continuing operations relative to the prior year.

Net (Loss) Income from Discontinued Operations. During the year ended December 31, 2017 we recorded a loss from discontinued operations, net of tax totaling $7 million, of which $6 million was for the loss on sale of discontinued operations, compared to income from discontinued operations, net of tax totaling $8 million for the year ended December 31, 2016. Discontinued operations for 2017 and 2016 represents the automotive glass manufacturing business of PGW, which we acquired in April 2016 and sold on March 1, 2017.

Net Income Attributable to Noncontrolling Interest. During the year ended December 31, 2017, we allocated a loss of $4 million to the noncontrolling interest of an immaterial subsidiary.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue. The following table summarizes the changes in revenue by category (amounts in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
	2016	2015	Organic	Acquisition	Foreign Exchange	Total Change
Parts & services revenue	$ 8,144,645	$ 6,713,951	4.8 %	19.0%	(2.5)%	21.3 %
Other revenue	439,386	478,682	(11.2)%	3.1%	(0.2)%	(8.2)%
Total revenue	$ 8,584,031	$ 7,192,633	3.7 %	18.0%	(2.4)%	19.3 %

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

The change in parts and services revenue of 21.3% represented increases in segment revenue of 9.9% in North America, 46.4% in Europe and 13.5% in Specialty. The decrease in other revenue of 8.2% primarily consisted of a $53 million organic decline partially offset by $15 million of acquisition related growth. Refer to the discussion of our segment results of operations for factors contributing to revenue change by segment during 2016 compared to the prior year.

Cost of Goods Sold. Our cost of goods sold increased to 61.0% of revenue in 2016 from 60.6% of revenue in 2015. The increase in cost of goods sold reflected a negative effect of 0.6% from our Rhiag acquisition, which has lower gross margins than our prior year consolidated gross margin. In addition, our cost of goods sold increased 0.2% as a result of mix, as we generated a greater proportion of our revenue in our Specialty operations, which has lower gross margins than our prior year consolidated gross margin. These negative impacts were partially offset by lower cost of goods sold as a percentage of revenue of 0.5% primarily related to our self service and wholesale operations in our North America segment. Refer to the discussion of our segment results of operations for factors contributing to the changes in cost of goods sold as a percentage of revenue by segment for the year ended December 31, 2016 compared to the prior year.

Facility and Warehouse Expenses. As a percentage of revenue, facility and warehouse expenses for the year ended December 31, 2016 increased to 8.0% from 7.7% in the prior year. The change in facility and warehouse expenses reflected (i) a 0.3% increase as a percentage of revenue in our North America operations related to a realignment of plant manager responsibilities, which shifted these expenses from selling, general and administrative expenses to facility and warehouse expenses and (ii) a 0.2% increase as a percentage of revenue in our Europe operations for branch openings and the addition of facility costs for the partly operational Tamworth, England distribution center. These negative impacts were partially offset by a decrease of 0.3% from our acquisition of Rhiag, which has lower facility and warehouse expenses as a percentage of revenue than our prior year consolidated facility and warehouse expenses.

Distribution Expenses. As a percentage of revenue, distribution expenses decreased to 8.0% in 2016 from 8.4% in 2015. The decrease in distribution expense reflected a positive impact of 0.4% from our Rhiag acquisition, which has lower distribution expenses as a percentage of revenue than our prior year consolidated distribution expenses.

Selling, General and Administrative Expenses. Our SG&A expenses for the year ended December 31, 2016 remained flat compared to the prior year at 11.5% of revenue. SG&A expenses increased 0.2% as a result of our Rhiag acquisition, which has higher SG&A expenses than our prior year consolidated SG&A expenses. Offsetting this increase was a 0.2% favorable impact from our Specialty operations as a result of a decline in personnel costs from the realization of integration synergies, a decrease in bad debt expense and other individually insignificant decreases across various SG&A expense categories. Within our North America segment, SG&A personnel expenses were flat as a percentage of revenue, as the decrease in expense as a percentage of revenue related to the realignment of plant manager responsibilities discussed above was offset by increases in other personnel expenses as a percentage of revenue.

Restructuring and Acquisition Related Expenses . The following table summarizes restructuring and acquisition related expenses for the periods indicated (in thousands):

	Year Ended December 31,		
	2016	2015	Change
Restructuring expenses	$ 15,782 [(1)]	$ 13,083 [(1)]	$ 2,699
Acquisition related expenses	21,980 [(2)]	6,428 [(3)]	15,552
Total restructuring and acquisition related expenses	$ 37,762	$ 19,511	$ 18,251

(1) Restructuring expenses of $10 million, $3 million, $2 million for the year ended December 31, 2016 related to the integration of acquired businesses in our Specialty, North America and Europe segments, respectively. Restructuring expenses of $10 million, $2 million, and $1 million for the year ended December 31, 2015 were primarily related to

the integration of acquired businesses in our Specialty, North America, and Europe segments, respectively. These integration activities included the closure of duplicate facilities and termination of employees.

(2) Acquisition related expenses for the year ended December 31, 2016 reflected $11 million and $4 million related to the acquisitions of Rhiag and PGW, respectively. The remaining $7 million of expense was related to other completed acquisitions and acquisitions that were pending as of December 31, 2016.

(3) Acquisition related expenses for the year ended December 31, 2015 included $2 million for our acquisitions of 11 aftermarket parts distribution businesses in the Netherlands and $1 million related to our North America and Specialty acquisitions during the year. Acquisition related expenses also included $3 million for acquisitions that were pending as of December 31, 2015.

See Note 5, "Restructuring and Acquisition Related Expenses " to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information on our restructuring and integration plans.

Depreciation and Amortization . The following table summarizes depreciation and amortization for the periods indicated (in thousands):

	Year Ended December 31,		
	2016	2015	Change
Depreciation	$ 107,945	$ 88,335	$ 19,610 (1)
Amortization	83,488	33,785	49,703 (2)
Total depreciation and amortization	$ 191,433	$ 122,120	$ 69,313

(1) The increase in depreciation expense primarily reflected the depreciation expense for property and equipment related to our acquisitions of Rhiag and PGW of $14 million and $2 million, respectively. The remaining change primarily reflected increased levels of property and equipment to support our organic related growth.

(2) The increase in amortization expense primarily reflected amortization expense for intangible assets related to our acquisitions of Rhiag and PGW of $43 million and $8 million, respectively. These increases were partially offset by a decline in accelerated amortization for intangibles recognized in previous years.

Other Expense, Net. The following table summarizes the components of the year-over-year increase in other expense, net (in thousands):

Other expense, net for the year ended December 31, 2015	$ 55,597
Increase (decrease) due to:	
Interest expense	30,403 (1)
Loss on debt extinguishment	26,650 (2)
Gains on foreign exchange contracts - acquisition related	(18,342) (3)
Gain on bargain purchase	(8,207) (4)
Interest and other income, net	16
Net increase	30,520
Other expense, net for the year ended December 31, 2016	$ 86,117

(1) Additional interest primarily relates to borrowings used to fund the acquisitions of Rhiag and PGW.

(2) During the first quarter of 2016, we incurred a $24 million loss on debt extinguishment as a result of our early payment of Rhiag debt assumed as part of the acquisition, and we incurred a $3 million loss on debt extinguishment as a result of our January 2016 amendment to our senior secured credit agreement.

(3) In March 2016, we entered into foreign currency forward contracts to acquire a total of €588 million used to fund the purchase price of the Rhiag acquisition. The rates under the foreign currency forwards were favorable to the spot rate on the date the funds were drawn to complete the acquisition, and as result, these derivatives contracts generated a gain of $18 million.

(4) In October 2016, we acquired Andrew Page out of receivership. The fair value of the net assets acquired exceeded the purchase price, resulting in a gain on bargain purchase of $8 million.

Provision for Income Taxes . Our effective income tax rate was 32.6% for the year ended December 31, 2016, compared to 33.9% for the year ended December 31, 2015. The lower effective income tax rate reflects an $11 million discrete item in 2016 for excess tax benefits from stock-based payments related to the early adoption of Accounting Standards Update 2016-09, "Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). The adoption of ASU 2016-09 reduced the effective tax rate by 1.6% compared to the prior year. Partially offsetting this, our effective tax rate was negatively impacted by an increase in the proportion of earnings generated in the U.S., which had a higher tax rate than our foreign operations, as well as an increase in nondeductible acquisition related costs, primarily related to our Rhiag and PGW acquisitions as well as other potential acquisitions.

Equity in Earnings (Loss) of Unconsolidated Subsidiaries. During the year ended December 31, 2015, we recorded impairment charges of $2 million related to our equity method investments; no tax benefit was recognized related to these charges. Our share of net operating losses in our equity method investments totaled $4 million for the year ended December 31, 2015. With our divestiture of ACM Parts in February 2016, our share of net operating losses in our equity method investments was nominal for the year ended December 31, 2016. We are reporting our equity in earnings of our investment in Mekonomen on a one quarter lag and therefore, no amounts were recorded for this investment during 2016.

Foreign Currency Impact. We translate our statements of income at the average exchange rates in effect for the period. Relative to the average rates used in 2015, the pound sterling and Canadian dollar rates used to translate the 2016 statements of income declined by 11.3% and 3.5%, respectively; the Euro remained flat relative to the U.S dollar during 2016. The translation effect of the decline in the pound sterling and Canadian dollar against the U.S. dollar and realized and unrealized currency losses during 2016 resulted in an approximately $0.05 negative effect on diluted earnings per share for continuing operations relative to the prior year.

Net (Loss) Income from Discontinued Operations. Income from discontinued operations, net of tax totaled $8 million in 2016; we had no discontinued operations in the prior year. Discontinued operations for 2016 represents the glass manufacturing business of PGW, which was acquired in April 2016. The results include a $20 million, net of tax, impairment charge primarily related to property, plant and equipment that was triggered when the assets were classified as held for sale.

Results of Operations—Segment Reporting

We have four operating segments: Wholesale – North America, Europe, Specialty and Self Service. Our Wholesale – North America and Self Service operating segments are aggregated into one reportable segment, North America, because they possess similar economic characteristics and have common products and services, customers, and methods of distribution. Therefore, we present three reportable segments: North America, Europe and Specialty.

We have presented the growth of our revenue and profitability in our operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our growth and profitability, consistent with how we evaluate our performance, as this statistic removes the translation impact of exchange rate fluctuations, which are outside of our control and do not reflect our operational performance. Constant currency revenue and Segment EBITDA results are calculated by translating prior year revenue and Segment EBITDA in local currency using the current year's currency conversion rate. This non-GAAP financial measure has important limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Our use of this term may vary from the use of similarly-titled measures by other issuers due to potential inconsistencies in the method of calculation and differences due to items subject to interpretation. In addition, not all companies that report revenue or profitability on a constant currency basis calculate such measures in the same manner as we do, and accordingly, our calculations are not necessarily comparable to similarly-named measures of other companies and may not be appropriate measures for performance relative to other companies.

The following table presents our financial performance, including third party revenue, total revenue and Segment EBITDA, by reportable segment for the periods indicated (in thousands):

	Year Ended December 31,					
	2017	% of Total Segment Revenue	2016 (1)	% of Total Segment Revenue	2015 (1)	% of Total Segment Revenue
Third Party Revenue						
North America	$ 4,798,901		$ 4,443,886		$ 4,118,286	
Europe	3,636,811		2,920,470		1,995,385	
Specialty	1,301,197		1,219,675		1,078,962	
Total third party revenue	$ 9,736,909		$ 8,584,031		$ 7,192,633	
Total Revenue						
North America	$ 4,799,651		$ 4,444,625		$ 4,119,121	
Europe	3,636,811		2,920,470		1,995,455	
Specialty	1,305,516		1,223,723		1,082,296	
Eliminations	(5,069)		(4,787)		(4,239)	
Total revenue	$ 9,736,909		$ 8,584,031		$ 7,192,633	
Segment EBITDA						
North America	$ 655,275	13.7%	$ 589,945	13.3%	$ 540,650	13.1%
Europe	319,156	8.8%	283,608	9.7%	200,563	10.1%
Specialty	142,159	10.9%	131,427	10.7%	113,316	10.5%

(1) In the first quarter of 2017, we realigned a portion of our North America operations under our Specialty segment. Prior year results have been recast to reflect the shift in reporting structure in order to present segment results on a comparable basis.

The key measure of segment profit or loss reviewed by our chief operating decision maker, who is our Chief Executive Officer, is Segment EBITDA. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate general and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. We calculate Segment EBITDA as EBITDA excluding restructuring and acquisition related expenses, change in fair value of contingent consideration liabilities, other acquisition related gains and losses and equity in earnings (loss) of unconsolidated subsidiaries. EBITDA, which is the basis for Segment EBITDA, is calculated as net income excluding noncontrolling interest, discontinued operations, depreciation, amortization, interest (which includes loss on debt extinguishment) and income tax expense. See Note 14, "Segment and Geographic Information " to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for a reconciliation of total Segment EBITDA to net income from continuing operations attributable to LKQ stockholders.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

North America

Third Party Revenue . The following table summarizes the changes in third party revenue by category in our North America segment (in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
North America	2017	2016	Organic	Acquisition (3)	Foreign Exchange	Total Change
Parts & services revenue	$ 4,278,531	$ 4,009,129	3.0% (1)	3.6%	0.1%	6.7%
Other revenue	520,370	434,757	19.3% (2)	0.4%	0.0%	19.7%
Total third party revenue	$ 4,798,901	$ 4,443,886	4.6%	3.2%	0.1%	8.0%

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) Organic growth in parts and services revenue was largely attributable to increased sales volumes in our wholesale operations, primarily in our salvage operations and, to a lesser extent, our aftermarket operations. Within our salvage

operations, the favorable volume impact, which was primarily related to mechanical parts, was a result of refinements to our buying algorithms. Also, an emphasis on inventorying more parts off of each car purchased contributed to the increase in the number of parts sold per vehicle. While we were able to increase parts and services revenue over the prior year, we believe the weather conditions in 2017 contributed to a lower growth rate than generated in prior years. Organic revenue growth for our North America segment was also negatively affected by one fewer selling day in 2017 compared to 2016; on a per day basis, organic revenue growth was 3.4%.

(2) The $86 million increase in other revenue primarily related to (i) a $57 million increase in revenue from scrap steel and other metals primarily related to higher prices and, to a lesser extent, increased volumes, year over year and (ii) a $25 million increase in revenue from metals found in catalytic converters (platinum, palladium, and rhodium) primarily due to higher prices, year over year.

(3) Acquisition related growth in 2017 included $92 million, or 2.1%, from our PGW autoglass acquisition. The remainder of our acquired revenue growth reflected revenue from our acquisition of 11 wholesale businesses from the beginning of 2016 up to the one-year anniversary of the acquisition dates.

Segment EBITDA . Segment EBITDA increased $65 million, or 11.1%, in 2017 compared to the prior year. Sequential increases in scrap steel prices in our salvage and self service operations benefited gross margins and had a favorable impact of $12 million on North America Segment EBITDA and approximately a $0.03 positive effect on diluted earnings per share. This favorable impact resulted from the increase in scrap steel prices between the date we purchased a vehicle, which influences the price we pay for a vehicle, and the date we scrapped a vehicle, which influences the price we receive for scrapping a vehicle.

The following table summarizes the changes in Segment EBITDA as a percentage of revenue in our North America segment:

North America	Percentage of Total Segment Revenue	
Segment EBITDA for the year ended December 31, 2016	13.3 %	
Increase (decrease) due to:		
Change in gross margin	0.6 %	(1)
Change in segment operating expenses	(0.3)%	(2)
Change in other expense, net	0.1 %	
Segment EBITDA for the year ended December 31, 2017	13.7 %	

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) The improvement in gross margin reflected a 1.1% favorable impact in our salvage operations, primarily attributable to raising revenue per car by a greater rate than car costs. Revenue per car improved due to higher volumes of parts sold per car, which was a result of refinements to our buying algorithms, an emphasis on inventorying more parts off of each car purchased, and an increase in the number of days we hold each car before it is scrapped. This improvement was partially offset by an unfavorable impact of 0.4% attributable to our aftermarket operations. Within our aftermarket operations, we experienced a 0.4% decline in gross margin primarily as a result of higher input costs from suppliers as well as decreases in net prices caused by higher customer discounts. The remaining change in gross margin was attributable to individually insignificant fluctuations in gross margin across our other North America operations.

(2) The increase in segment operating expenses as a percentage of revenue reflected (i) a 0.3% increase in personnel costs, primarily related to facility and warehouse and SG&A and (ii) a 0.2% increase in freight costs driven by higher use of third party freight to handle increased volumes, partially offset by (iii) a 0.2% decrease in segment operating costs attributable to shared PGW corporate expenses incurred during 2016; these costs, which were primarily SG&A costs, ceased being incurred upon the closing of the sale of the glass manufacturing business on March 1, 2017.

Europe

Third Party Revenue . The following table summarizes the changes in third party revenue by category in our Europe segment (in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
Europe	**2017**	**2016**	**Organic [1]**	**Acquisition [2]**	**Foreign Exchange [3]**	**Total Change**
Parts & services revenue	$ 3,628,906	$ 2,915,841	5.3%	19.8%	(0.6)%	24.5%
Other revenue	7,905	4,629	47.6%	24.8%	(1.6)%	70.8%
Total third party revenue	$ 3,636,811	$ 2,920,470	5.3%	19.8%	(0.6)%	24.5%

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) Parts and services revenue grew organically across all of our aftermarket business units in Europe from both existing locations and new branches. In Eastern Europe and Western Europe, we added 65 and 23 branches, respectively, since the beginning of the prior year, and organic revenue growth includes revenue from those locations. Revenue at our existing locations grew primarily as a result of increased volumes and, to a lesser extent, increased prices. Organic revenue growth for our Europe segment on a per day basis was 5.7% as there was one fewer selling day in 2017 compared to 2016.

(2) Acquisition related growth for the year ended December 31, 2017 included $216 million, or 7.4%, from our acquisition of Rhiag and $141 million, or 4.8%, from our acquisition of Andrew Page. The remainder of our acquired revenue growth included revenue from our acquisitions of 23 wholesale businesses in our Europe segment since the beginning of 2016 through the one-year anniversary of the acquisitions.

(3) Compared to the prior year, exchange rates reduced our revenue growth by $18 million, or 0.6%, primarily due to the stronger U.S. dollar against the pound sterling during 2017 relative to 2016, partially offset by the weaker U.S. dollar against the euro during 2017 relative to 2016.

Segment EBITDA . Segment EBITDA increased $36 million, or 12.5%, in 2017 compared to the prior year. Our Europe Segment EBITDA included a negative year over year impact of $3 million related to the translation of local currency results into U.S. dollars at lower exchange rates than those experienced during 2016. On a constant currency basis (i.e. excluding the translation impact), Segment EBITDA increased by $39 million, or 13.7%, compared to the prior year. Refer to the Foreign Currency Impact discussion within the Results of Operations - Consolidated section above for further detail regarding foreign currency impact on our results for the year ended December 31, 2017.

The following table summarizes the changes in Segment EBITDA as a percentage of revenue in our Europe segment:

Europe	**Percentage of Total Segment Revenue**	
Segment EBITDA for the year ended December 31, 2016	9.7 %	
(Decrease) increase due to:		
Change in gross margin	(0.4)%	(1)
Change in segment operating expenses	(0.8)%	(2)
Change in other expense, net	0.3 %	(3)
Segment EBITDA for the year ended December 31, 2017	8.8 %	

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) The decline in gross margin was due to (i) a 0.6% decrease due to our U.K. operations primarily as a result of an increase in inventory reserves and incremental costs related to the Tamworth distribution facility, which shifted from operating expenses to cost of goods sold when the facility went live, (ii) a 0.3% decrease due to an unfavorable mix impact as a result of generating a higher proportion of our revenue from our Rhiag operations, which have lower gross margins than our other Europe operations, (iii) a 0.3% decrease due to an acquisition in Eastern Europe during the year which has lower gross margins than our other Europe operations, partially offset by (iv) a 0.6% increase in gross margin in our Benelux operations primarily due to increased private label sales, which have higher gross margins, and (v) a 0.2% increase due to a favorable impact related to an increase in supplier rebates as a result of centralized procurement for our Europe segment. The remaining change in gross margin was attributable to individually

insignificant fluctuations in gross margin across our other Europe operations.

(2) The increase in segment operating expenses as a percentage of revenue reflected (i) an increase of 0.8% in operating expenses as a result of the acquisition of Andrew Page, which has higher operating expenses as a percentage of revenue than our other Europe operations and (ii) an increase of 0.4% in operating expenses in our Benelux operations, primarily due to increased personnel costs related to distribution, partially offset by (iii) a 0.2% favorable mix impact due to our acquisition of Rhiag, which has lower operating expenses as a percentage of revenue than our other Europe operations. The remaining decrease in segment operating expenses reflected a number of individually insignificant fluctuations in operating expenses as a percentage of revenue.

(3) Approximately half of the decrease in other expense, net was due to the impact of foreign currency transaction gains and losses, primarily due to unrealized mark-to-market gains and losses on foreign currency forward contracts used to hedge the purchases of inventory in our U.K. operations, which were favorable in 2017 relative to the prior year. The remaining decrease in other expense, net reflected a number of individually insignificant fluctuations in other expense, net as a percentage of revenue.

Specialty

Third Party Revenue . The following table summarizes the changes in third party revenue by category in our Specialty segment (in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
Specialty	**2017**	**2016**	**Organic [1]**	**Acquisition [2]**	**Foreign Exchange**	**Total Change**
Parts & services revenue	$ 1,301,197	$ 1,219,675	4.7%	1.9%	0.1%	6.7%
Other revenue	—	—	—%	—%	—%	—%
Total third party revenue	$ 1,301,197	$ 1,219,675	4.7%	1.9%	0.1%	6.7%

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) Organic growth in parts & services revenue was driven by increased sales volumes of Truck, Towing and RV parts sales. This organic growth was fueled by favorable economic conditions in most of our primary selling regions, as well as increased sales volumes of light trucks and RVs. Organic revenue growth for our Specialty segment on a per day basis was 5.1%, as there was one fewer selling day in 2017 compared to 2016.

(2) Acquisition related growth in 2017 included $20 million, or 1.7%, from our acquisition of Warn. The remainder of our acquired revenue growth reflected revenue from our acquisition of 3 wholesale businesses from the beginning of 2016 up to the one-year anniversary of the acquisition dates.

Segment EBITDA . Segment EBITDA increased $11 million, or 8.2%, in 2017 compared to the prior year.

The following table summarizes the changes in Segment EBITDA as a percentage of revenue in our Specialty segment:

Specialty	**Percentage of Total Segment Revenue**	
Segment EBITDA for the year ended December 31, 2016	10.7 %	
(Decrease) increase due to:		
Change in gross margin	(0.5)%	(1)
Change in segment operating expenses	0.8 %	(2)
Change in other expense, net	(0.1)%	
Segment EBITDA for the year ended December 31, 2017	10.9 %	

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) The decline in gross margin primarily reflected a 0.5% decrease due to higher overhead costs in inventory, which is driven by warehouse costs for two new distribution centers that became fully functional in 2016.

(2) The decrease in segment operating expenses reflected (i) favorable facility and warehouse expenses of 0.7% primarily related to the integration of Coast facilities and (ii) favorable personnel costs of 0.2% in SG&A as a result of synergies realized on the integration of Coast facilities.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

North America

Third Party Revenue . The following table summarizes the changes in third party revenue by category in our North American segment (in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
North America	2016	2015	Organic	Acquisition (3)	Foreign Exchange (4)	Total Change
Parts & services revenue	$ 4,009,129	$ 3,643,883	2.9 % (1)	7.4%	(0.3)%	10.0 %
Other revenue	434,757	474,403	(11.2)% (2)	3.0%	(0.1)%	(8.4)%
Total third party revenue	$ 4,443,886	$ 4,118,286	1.3 %	6.9%	(0.2)%	7.9 %

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) Organic growth in parts and services revenue was primarily attributable to favorable pricing. Increased pricing in our wholesale operations, primarily in our salvage operations, was a result of shifting our salvage vehicle purchasing to higher quality vehicles, which raised the average revenue per part sold. Organic revenue also grew due to increased sales volumes in our wholesale operations resulting from improved fill rates and in-stock rates, as well as increased purchasing levels, which contributed to a greater volume of parts available for sale. The organic growth was partially offset by a negative mix impact as we saw a smaller percentage of sales from high value salvage part types in 2016. Organic revenue growth in parts and services was also negatively affected by milder winter weather conditions in North America in the first quarter of 2016, which we believe impacted volume for the rest of the year.

(2) The $40 million decrease in other revenue primarily relates to (i) a $21 million decline in revenue from metals, such as those found in catalytic converters (platinum, palladium, and rhodium), aluminum wheels, and copper wiring, due to lower prices year over year, (ii) a $13 million reduction due to the sale of our precious metals business late in the second quarter of 2015, and (iii) an $8 million decline in revenue from scrap steel and other metals primarily related to lower prices.

(3) Acquisition related growth in 2016 includes $209 million from our acquisition of PGW autoglass. The remainder of our acquired revenue growth reflects revenue from our acquisition of nine wholesale businesses and a self service retail operation from the beginning of 2015 up to the one year anniversary of the acquisition dates.

(4) Compared to the prior year, exchange rates reduced our revenue growth by 0.2%, primarily due to the strengthening of the U.S. dollar against the Canadian dollar compared to the prior year.

Segment EBITDA . Segment EBITDA increased $49 million, or 9.1%, in 2016 compared to the prior year. While other revenue decreased from the prior year, sequential increases in scrap steel prices in our salvage and self service operations benefited gross margins and had a favorable impact of $8 million on North America Segment EBITDA and approximately a $0.02 positive effect on diluted earnings per share. This favorable impact resulted from the increase in scrap steel prices between the date we purchased the car, which influences the price we pay for the car, and the date we scrapped the car, which influences the price we receive for scrapping the vehicle.

The following table summarizes the changes in Segment EBITDA as a percentage of revenue in our North America segment:

North America	Percentage of Total Segment Revenue
Segment EBITDA for the year ended December 31, 2015	13.1 %
Increase (decrease) due to:	
Change in gross margin	0.7 % (1)
Change in segment operating expenses	(0.6)% (2)
Change in other expense, net	0.1 %
Segment EBITDA for the year ended December 31, 2016	13.3 %

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) The improvement in gross margin reflects a 0.8% favorable impact from our self service operations, as car costs decreased by a greater percentage year over year than revenue. Within our wholesale operations, we experienced a 0.5% favorable impact on gross margin as a result of procurement initiatives implemented in our aftermarket operations during 2016, which reduced our product costs. Partially offsetting these increases was an unfavorable impact of 0.4% related to our acquisition of PGW autoglass, which had lower gross margins than our existing North America operations as a result of a non-recurring inventory step-up adjustment recorded upon acquisition and higher cost products sourced from the glass manufacturing side of the business.

(2) The increase in segment operating expenses as a percentage of revenue reflects (i) an increase in operating expenses of 0.4% related to our PGW autoglass acquisition, which had higher operating expenses as a percentage of revenue than our existing North America operations as a result of incremental costs related to shared PGW corporate expenses that did not reoccur after the sale of the PGW glass manufacturing business, and (ii) a 0.3% increase in personnel costs as a percentage of revenue. These increases were partially offset by a 0.2% improvement in fuel prices as a percentage of revenue.

Europe

Third Party Revenue . The following table summarizes the changes in third party revenue by category in our European segment (in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
Europe	2016	2015	Organic [(1)]	Acquisition [(2)]	Foreign Exchange [(3)]	Total Change
Parts & services revenue	$ 2,915,841	$ 1,991,106	7.2 %	47.1%	(7.9)%	46.4%
Other revenue	4,629	4,279	(0.6)%	15.7%	(7.0)%	8.2%
Total third party revenue	$ 2,920,470	$ 1,995,385	7.2 %	47.1%	(7.9)%	46.4%

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) In our U.K. operations, parts and services revenue grew organically by 8.1%, while in Benelux region operations, parts and services revenue grew organically by 4.5%. Our organic revenue growth in the U.K., which resulted from higher sales volumes, was composed of a 6.6% increase in revenue from stores open more than 12 months and a 1.5% increase in revenue generated by 21 branch openings since the beginning of the prior year through the one-year anniversary of their respective opening dates. Organic revenue growth in our Benelux region was primarily due to a favorable mix impact resulting from a shift in sales to higher price products as well as increased prices; organic revenue also grew as a result of an additional selling day in 2016 compared to the prior year.

(2) Acquisition related growth for the year-ended December 31, 2016 includes $848 million from our acquisition of Rhiag. The remainder of our acquired revenue growth includes revenue from our acquisitions of 14 distribution companies in the Netherlands, 3 wholesale businesses in our U.K. operations, and 3 salvage businesses in Sweden since the beginning of 2015 through the one-year anniversary of the acquisitions.

(3) Compared to the prior year, exchange rates reduced our revenue growth by $158 million, or 7.9%, primarily due to the strengthening of the U.S. dollar against the pound sterling relative to 2015.

Segment EBITDA . Segment EBITDA increased $83 million, or 41.4%, in 2016 compared to the prior year. Our Rhiag acquisition contributed $94 million to Segment EBITDA in 2016, while our Andrew Page acquisition generated a loss of $5 million. Our Europe Segment EBITDA includes a negative year over year impact of $18 million related to the translation of local currency results into U.S. dollars at lower exchange rates than those experienced during 2015. On a constant currency basis (i.e. excluding the translation impact), Segment EBITDA increased by $101 million, or 50.2%, compared to the prior year. Refer to the Foreign Currency Impact discussion within the Results of Operations - Consolidated section above for further detail regarding foreign currency impact on our results for the year ended December 31, 2016.

The following table summarizes the changes in Segment EBITDA as a percentage of revenue in our Europe segment:

Europe	Percentage of Total Segment Revenue	
Segment EBITDA for the year ended December 31, 2015	10.1 %	
(Decrease) increase due to:		
Change in gross margin	(1.1)%	(1)
Change in segment operating expenses	0.8 %	(2)
Change in other expense, net	(0.1)%	
Segment EBITDA for the year ended December 31, 2016	9.7 %	

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) The decrease in gross margin reflects a 1.3% decline in gross margin due to the acquisition of Rhiag, which has lower gross margins than our other Europe operations.

(2) The decrease in segment operating expenses as a percentage of revenue reflects (i) a decrease of 1.8% in operating expenses as a result of the acquisition of Rhiag, which has lower operating expenses as a percentage of revenue than our other Europe operations and (ii) a 0.3% decrease in distribution expenses in our U.K. operations due to reduced personnel costs. Partially offsetting these decreases were (i) an increase in facility and warehouse expenses of 0.8% from a 0.5% increase primarily related to the opening of 21 new branches and 6 new hubs since the prior year and 0.3% related to the addition of facility and personnel costs for the Tamworth distribution facility, and (ii) an increase of 0.3% in operating expenses as a result of the acquisition of Andrew Page, which has higher operating expenses as a percentage of revenue than our other Europe operations. While we had closed the Andrew Page acquisition and were consolidating its results, we were not permitted to integrate this acquisition with our existing U.K. operations until we received approval from the U.K. Competition and Markets Authority, which concluded its approval process in October 2017.

Specialty

Third Party Revenue . The following table summarizes the changes in third party revenue by category in our Specialty segment (in thousands):

	Year Ended December 31,		Percentage Change in Revenue			
Specialty	2016	2015	Organic [(1)]	Acquisition [(2)]	Foreign Exchange [(3)]	Total Change
Parts & services revenue	$ 1,219,675	$ 1,078,962	6.7%	6.6%	(0.3)%	13.0%
Other revenue	—	—	—%	—%	— %	—%
Total third party revenue	$ 1,219,675	$ 1,078,962	6.7%	6.6%	(0.3)%	13.0%

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) Organic growth in Specialty parts and services revenue reflects an increase in service levels throughout North America as we continued to expand the breadth and depth of our inventory offerings and added delivery capacity to our integrated distribution network to allow us to realize synergies associated with the integration of Coast. Through most of 2016, we also saw growth from favorable macro trends and economic conditions, which increased consumer discretionary spending on automotive and recreational vehicle parts and accessories.

(2) Acquisition related growth reflects the impact of the Coast acquisition on August 19, 2015 through the one year anniversary of the acquisition.

(3) Compared to the prior year, exchange rates reduced our revenue growth by $3 million, or 0.3%, primarily due to the strengthening of the U.S dollar against the Canadian dollar relative to 2015.

Segment EBITDA . Segment EBITDA increased $18 million, or 16.0%, in 2016 compared to the prior year.

The following table summarizes the changes in Segment EBITDA as a percentage of revenue in our Specialty segment:

Specialty	**Percentage of Total Segment Revenue**	
Segment EBITDA for the year ended December 31, 2015	10.5 %	
(Decrease) increase due to:		
Change in gross margin	(0.8)%	(1)
Change in segment operating expenses	1.0 %	(2)
Segment EBITDA for the year ended December 31, 2016	10.7 %	

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

(1) The decline in gross margin reflects (i) a 0.4% unfavorable impact due to customer volume rebates which have increased along with sales volume, (ii) a 0.3% increase in inventory costs, which were higher due to the stocking of two distribution centers, one of which was not yet operational in the prior year period and one which became operational in the fourth quarter of 2015, and (iii) a decrease in advertising credits of 0.3% due to higher purchase volume in 2015 from the initial stocking of those two new distribution centers. These negative effects were partially offset by a 0.4% improvement due to Coast related freight synergies as more volume went through the existing Specialty network.

(2) The decrease in segment operating expenses reflects a favorable 0.9% reduction in selling, general and administrative expenses primarily related to (i) a 0.3% decline in personnel costs from the realization of integration synergies, (ii) lower bad debt expense of 0.2% due to increased collection efforts and (iii) individually insignificant decreases across various selling, general and administrative expense categories totaling 0.4%. Favorable distribution expenses of 0.2% due to lower fuel and freight costs were offset by an increase in facilities and warehouse expense primarily related to the higher cost of Coast facilities as well as the addition of two new distribution centers.

Liquidity and Capital Resources

The following table summarizes liquidity data as of the dates indicated (in thousands):

	December 31, 2017	December 31, 2016
Cash and cash equivalents	$ 279,766	$ 227,400
Total debt [1]	3,428,280	3,365,687
Current maturities [2]	129,184	68,414
Capacity under credit facilities [3]	2,850,000	2,550,000
Availability under credit facilities [3]	1,395,081	1,019,112
Total liquidity (cash and cash equivalents plus availability under credit facilities)	1,674,847	1,246,512

(1) Debt amounts reflect the gross values to be repaid (excluding debt issuance costs of $24 million as of December 31, 2017 and 2016).

(2) Debt amounts reflect the gross values to be repaid (excluding debt issuance costs of $3 million and $2 million as of December 31, 2017 and 2016, respectively).

(3) Capacity under credit facilities includes our revolving credit facilities and our receivables securitization facility. Availability under credit facilities is reduced by our letters of credit.

We assess our liquidity in terms of our ability to fund our operations and provide for expansion through both internal development and acquisitions. Our primary sources of liquidity are cash flows from operations and our credit facilities. We utilize our cash flows from operations to fund working capital and capital expenditures, with the excess amounts going towards funding acquisitions or paying down outstanding debt. As we have pursued acquisitions as part of our growth strategy, our cash flows from operations have not always been sufficient to cover our investing activities. To fund our acquisitions, we have accessed various forms of debt financing, including revolving credit facilities, senior notes, and a receivables securitization facility.

As of December 31, 2017 , we had debt outstanding and additional available sources of financing as follows:

- Senior secured credit facilities maturing in January 2023, composed of term loans totaling $750 million ($705 million outstanding at December 31, 2017) and $2.75 billion in revolving credit ($1.3 billion outstanding at December 31, 2017), bearing interest at variable rates (although a portion of this debt is hedged through interest rate swap contracts), reduced by $71 million of amounts outstanding under letters of credit
- U.S. Notes (2023) totaling $600 million , maturing in May 2023 and bearing interest at a 4.75% fixed rate
- Euro Notes (2024) totaling $ 600 million (€500 million), maturing in April 2024 and bearing interest at a 3.875% fixed rate
- Receivables securitization facility with availability up to $100 million ($100 million outstanding as of December 31, 2017), maturing in November 2019 and bearing interest at variable commercial paper rates

From time to time, we may undertake financing transactions to increase our available liquidity, such as our December 2017 and January 2016 amendments to our senior secured credit facilities, the issuance of €500 million of Euro Notes (2024) in April 2016, and the November 2016 amendment to our receivables securitization facility. Our financing structure, which includes our senior secured credit facilities, senior notes, and receivables securitization facility, provides financial flexibility to execute our long-term growth strategy. If we see an attractive acquisition opportunity, we have the ability to use our revolver to move quickly and have certainty of funding up to the amount of our then-available liquidity.

As of December 31, 2017 , we had approximately $1.4 billion available under our credit facilities. Combined with approximately $280 million of cash and cash equivalents at December 31, 2017 , we had approximately $1.7 billion in available liquidity, an increase of $428 million over our available liquidity as of December 31, 2016 . The increase in available liquidity in 2017 is primarily attributable to the net proceeds from the sale of the glass manufacturing business in March for $301 million and the December 2017 amendment to the credit facility, which increased availability by $300 million.

In December 2017, we signed a definitive agreement to acquire Stahlgruber for an enterprise value of €1.5 billion. We intend to finance the acquisition with the proceeds from planned debt offerings, borrowings under our existing revolving credit

facility and the direct issuance to Stahlgruber's owner of 8,055,569 newly issued shares of LKQ common stock. The timing of the borrowings and the amounts to be drawn from debt offerings and the revolver are to be determined and will depend on the timing of the expected closing of the transaction and market conditions at such time.

We believe that our current liquidity and cash expected to be generated by operating activities in future periods will be sufficient to meet our current operating and capital requirements, although such sources may not be sufficient for future acquisitions depending on their size. While we believe that we have adequate capacity, from time to time we may need to raise additional funds through public or private financing, strategic relationships or other arrangements, as noted above regarding the pending Stahlgruber transaction. There can be no assurance that additional funding, or refinancing of our credit facilities, if needed, will be available on terms attractive to us, or at all. Furthermore, any additional equity financing may be dilutive to stockholders, and debt financing, if available, may involve restrictive covenants or higher interest costs. Our failure to raise capital if and when needed could have a material adverse impact on our business, operating results, and financial condition.

Borrowings under the credit agreement accrue interest at variable rates which are tied to the London InterBank Offered Rate ("LIBOR") or the Canadian Dollar Offered Rate ("CDOR"), depending on the currency and the duration of the borrowing, plus an applicable margin rate which is subject to change quarterly based on our reported leverage ratio. We hold interest rate swaps to hedge the variable rates on a portion of our credit agreement borrowings, with the effect of fixing the interest rates on the respective notional amounts. In addition, in 2016, we entered into cross currency swaps that contain an interest rate swap component and a foreign currency forward contract component that, when combined with related intercompany financing arrangements, effectively convert variable rate U.S. dollar-denominated borrowings into fixed rate euro-denominated borrowings. These derivative transactions are described in Note 10, "Derivative Instruments and Hedging Activities " to the consolidated financial statements in Item 8 of this Annual Report on Form 10-K. After giving effect to these contracts, the weighted average interest rate on borrowings outstanding under our credit agreement at December 31, 2017 was 2.2% . Including our senior notes and the borrowings on our receivables securitization program, our overall weighted average interest rate on borrowings was 3.0% at December 31, 2017 .

Cash interest payments were $96 million for the year ended December 31, 2017 , including $50 million in semi-annual interest payments as a result of our U.S. Notes (2023) and our Euro Notes (2024). Interest payments on our U.S. Notes (2023) are made in May and November, and interest payments on our Euro Notes (2024) are scheduled for April and October.

We had outstanding credit agreement borrowings of $2.0 billion and $2.1 billion at December 31, 2017 and 2016, respectively. Of these amounts, $18 million and $37 million was classified as current maturities at December 31, 2017 and 2016, respectively.

The scheduled maturities of long-term obligations outstanding at December 31, 2017 are as follows (in thousands):

Years ending December 31:		
2018	$	129,184
2019		146,262
2020		40,087
2021		38,033
2022		36,769
Thereafter		3,037,945
Total debt [(1)]	$	3,428,280

(1) The total debt amounts presented above reflect the gross values to be repaid (excluding debt issuance costs of $24 million as of December 31, 2017).

Our credit agreement contains customary covenants that provide limitations and conditions on our ability to enter into certain transactions. The credit agreement also contains financial and affirmative covenants, including limitations on our net leverage ratio and a minimum interest coverage ratio. We were in compliance with all restrictive covenants under our credit agreement as of December 31, 2017 .

As of December 31, 2017 , the Company had cash and cash equivalents of $280 million , of which $220 million was held by foreign subsidiaries. In general it has been our practice and intention to permanently reinvest the undistributed earnings of our foreign subsidiaries, and that position has not changed following the enactment of the Tax Act and the related imposition of the transition tax. Beginning in 2018, distributions of dividends from our foreign subsidiaries will be generally exempt from further U.S. taxation, either as a result of the new 100% participation exemption under the Tax Act, or due to the previous taxation of foreign earnings under the transition tax. We are still evaluating whether the Tax Act will affect the Company's existing policy to indefinitely reinvest unremitted foreign earnings.

We believe that we have sufficient cash flow and liquidity to meet our financial obligations in the U.S. without resorting to repatriation of foreign earnings. As a result of the Tax Act, we expect to have significantly lower income tax payments in 2018 due to the lower tax rate and the immediate deduction of capital expenditures, partially offset by the first payment with respect to the transition tax.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The procurement of inventory is the largest operating use of our funds. We normally pay for aftermarket product purchases at the time of shipment or on standard payment terms, depending on the manufacturer and the negotiated payment terms. We normally pay for salvage vehicles acquired at salvage auctions and under direct procurement arrangements at the time that we take possession of the vehicles.

The following table sets forth a summary of our aftermarket and manufactured inventory procurement for 2017 and 2016 (in thousands):

	Year Ended December 31,			
	2017	2016	Change	
North America	$ 1,367,600	$ 1,198,556	$ 169,044	(1)
Europe	2,355,300	2,012,804	342,496	(2)
Specialty	1,006,600	934,119	72,481	(3)
Total	$ 4,729,500	$ 4,145,479	$ 584,021	

(1) In North America, aftermarket purchases during the year ended December 31, 2017 increased compared to the prior year as we decided to expand our inventory as a result of procurement initiatives to support growth across our operations. The remaining increase is primarily as a result of our acquisition of PGW autoglass in April 2016, which added incremental purchases of $72 million in 2017.

(2) In our Europe segment, the increase in purchases during the year ended December 31, 2017 is primarily related to our acquisition of Rhiag in March 2016, which added incremental purchases of $181 million in 2017. Purchases for our U.K. operations increased in 2017 compared to the prior year primarily as a result of our acquisition of Andrew Page in October 2016, which added incremental purchases of $107 million in 2017, partially offset by the devaluation of the pound sterling in 2017 compared to the prior year. Purchases for our Benelux operations increased by $71 million in 2017 compared to the prior year primarily as a result of our acquisition of the aftermarket parts distribution businesses in Belgium in July 2017, which had purchases of $46 million in 2017. The remaining increase in our Benelux operations was primarily due to incremental inventory purchases to achieve supplier purchase rebates.

(3) The increase in Specialty inventory purchases during 2017 compared to the prior year is primarily due to increased sales volumes for Truck, Towing and RV parts. Additionally, the acquisition of Warn in November 2017 added incremental purchases of $11 million, which includes purchases of aftermarket inventory and raw materials used in the manufacturing of specialty products.

The following table sets forth a summary of our global salvage and self service procurement for 2017 and 2016 (in thousands):

	Year Ended December 31,			
	2017	2016	% Change	
North America wholesale salvage cars and trucks	310	291	6.5%	(1)
Europe wholesale salvage cars and trucks	25	23	8.7%	
Self service and "crush only" cars	542	524	3.4%	(2)

(1) The number of salvage cars and trucks purchased during the year ended December 31, 2017 increased primarily due to a decision to increase the number of salvage cars and trucks dismantled compared to the prior year.

(2) With the increase in scrap prices compared to the prior year period, we have increased the number of self service and "crush only" vehicles purchased.

The following table summarizes the components of the year-over-year decrease in cash provided by operating activities (in millions):

Net cash provided by operating activities for the year ended December 31, 2016	$	635	
Increase (decrease) due to: [1]			
Discontinued operations		(68)	[2]
Operating income		84	[3]
Non-cash depreciation and amortization expense		32	[4]
Cash paid for taxes		(43)	[5]
Cash paid for interest		(10)	[6]
Working capital accounts: [7]			
Inventory		(133)	[8]
Accounts payable		8	
Accounts receivable		27	
Other operating activities		(13)	[9]
Net cash provided by operating activities for the year ended December 31, 2017	$	519	

(1) Other than discontinued operations, the amounts presented represent increases (decreases) in operating cash flows attributable to our continuing operations only.

(2) Represents the change in cash flows for our glass manufacturing business, which was acquired in April 2016 and disposed of on March 1, 2017.

(3) During 2017, our operating income increased compared to the prior year due to both acquisition related growth and organic growth.

(4) Non-cash depreciation and amortization expense increased compared to the prior year as discussed in the Results of Operations - Consolidated section.

(5) Cash paid for taxes increased during 2017 compared to the prior year as a result of growth in the business from both organic growth and acquisitions, and the timing of tax payments.

(6) Cash paid for interest increased compared to the prior year primarily as a result of interest payments related to our Euro Notes (2024), which were issued in April 2016. In the prior year, we made one semi-annual interest payment related to these notes, whereas in 2017 we made two semi-annual interest payments.

(7) Cash flows related to our primary working capital accounts can be volatile as the purchases, payments and collections can be timed differently from period to period and can be influenced by factors outside of our control. However, we expect that the net change in these working capital items will generally be a cash outflow as we expect to grow our business each year.

(8) The period over period increase in cash outflows for inventory was primarily related to our North America segment as described in the procurement section above.

(9) Reflects a number of individually insignificant fluctuations in cash paid for other operating activities.

Net cash used in investing activities totaled $385 million for the year ended December 31, 2017 , compared to $1.7 billion in 2016 . We invested $513 million of cash, net of cash acquired, in business acquisitions during 2017 compared to $1.3 billion in 2016, which included $601 million for our Rhiag acquisition and $662 million for our PGW acquisition. We received proceeds from the sale of our glass manufacturing business totaling $301 million in 2017; no such proceeds were received in 2016. We paid $8 million for investments in unconsolidated subsidiaries in 2017, compared to cash payments of $186 million in 2016, primarily related to our investment in Mekonomen. In 2016, we entered into foreign currency contracts to fund the purchase price of the Rhiag acquisition, which generated $18 million of cash proceeds; we had no such contracts in the current year period. Property, plant and equipment purchases were $179 million in the year ended December 31, 2017 compared to $207 million in the prior year. The period over period decrease in cash outflows for purchases of property, plant and equipment was primarily related to our discontinued operations (down $21 million compared to the prior year), Europe and Specialty segments, partially offset by an increase in our North America segment.

Net cash used in financing activities totaled $113 million for the year ended December 31, 2017 , compared to $1.2 billion provided by financing activities during 2016 . During 2017, net repayments under our credit facilities totaled $135 million, as we used the proceeds from the sale of our glass manufacturing business and cash flows from operations to repay outstanding revolver borrowings; during 2016, we had net borrowings of $1.3 billion primarily to fund our acquisitions. In April 2016, we issued the Euro Notes (2024) generating proceeds of $563 million. The proceeds from the Euro Notes (2024) were used to repay a portion of the borrowings on the revolving credit facility. Additionally, we repaid $543 million of Rhiag acquired debt and debt related liabilities during 2016. In connection with our December 2017 amendment of our credit facilities, we paid $4 million of debt issuance costs; in 2016, we paid $17 million of debt issuance costs related to our January and December 2016 amendments of our credit facilities, our April 2016 issuance of the Euro Notes (2024), and our November 2016 amendment to our receivables securitization facility. There were $18 million of cash proceeds from other debt in 2017, compared to $33 million in 2016. Cash provided by other financing activities totaled $7 million in 2017, primarily as a result of proceeds from the sale of noncontrolling interest; no such activity occurred in 2016.

We intend to continue to evaluate markets for potential growth through the internal development of distribution centers, processing and sales facilities, and warehouses, through further integration of our facilities, and through selected business acquisitions. Our future liquidity and capital requirements will depend upon numerous factors, including the costs and timing of our internal development efforts and the success of those efforts, the costs and timing of expansion of our sales and marketing activities, and the costs and timing of future business acquisitions.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

The following table sets forth a summary of our aftermarket inventory procurement for 2016 and 2015 (in thousands):

	Year Ended December 31,			
	2016	2015	Change	
North America	$ 1,198,556	$ 1,023,400	$ 175,156	(1)
Europe	2,012,804	1,143,668	869,136	(2)
Specialty	934,119	776,611	157,508	(3)
Total	$ 4,145,479	$ 2,943,679	$ 1,201,800	

(1) In North America, aftermarket purchases for the year increased primarily as a result of incremental purchases of $141 million related to our April 2016 acquisition of PGW autoglass. Additionally, North America aftermarket inventory purchases increased as a result of our July 2015 acquisition of Parts Channel coupled with lower purchase levels in the first quarter of 2015 due to accelerated purchases in the fourth quarter of 2014 in anticipation of potential labor issues at West Coast ports in the United States.

(2) In our Europe segment, the increase in purchases was primarily due to our acquisition of Rhiag in March 2016, which added incremental purchases of $710 million during 2016. Purchases for our U.K. operations increased in 2016 compared to the prior year primarily as a result of 21 branch openings since the beginning of the prior year and incremental inventory purchases to stock the Tamworth, England national distribution center. Purchases in our Netherlands operations increased as a result of organic and acquisition related growth. These increases were partially offset by the devaluation of the pound sterling in 2016 compared to the prior year.

(3) The increase in Specialty aftermarket purchases was primarily due to (i) accelerated inventory purchases to stock two new distribution centers during the first quarter of 2016, (ii) additional purchases to support the increased sales volume as a result of the Coast acquisition, and (iii) additional inventory purchases in 2016 due to stronger than anticipated sales volumes as a result of our annual trade shows.

Manufacturing inventory purchases related to our discontinued operations totaled $398 million during 2016, and consisted of raw materials used in PGW's manufacturing and fabrication of automotive glass products.

The following table sets forth a summary of our global salvage and self service procurement for 2016 and 2015 (in thousands):

	Year Ended December 31,			
	2016	2015	% Change	
North America wholesale salvage cars and trucks	291	290	0.3%	
Europe wholesale salvage cars and trucks	23	20	15.0%	
Self service and "crush only" cars	524	471	11.3%	(1)

(1) Compared to the prior year, we increased our purchase of lower cost self service and "crush only" cars in 2016 as prices for vehicles came down in certain markets due to the decline in the prices of scrap and other metals, allowing us to purchase higher quality vehicles at favorable prices.

The following table summarizes the components of the year-over-year increase in cash provided by operating activities (in millions):

Net cash provided by operating activities for the year ended December 31, 2015	$	544	
Increase (decrease) due to: [1]			
Discontinued operations		64	[2]
Income from continuing operations before provision for income taxes		28	[3]
Non-cash depreciation and amortization expense		70	[4]
Cash paid for taxes		(37)	[5]
Working capital accounts: [6]			
Accounts receivable		(80)	[7]
Inventory		17	[8]
Accounts payable		21	[9]
Other operating activities		8	
Net cash provided by operating activities for the year ended December 31, 2016	$	635	

(1) Other than discontinued operations, the amounts presented represent increases (decreases) in operating cash flows attributable to our continuing operations only.

(2) Represents cash flows for our glass manufacturing business, which was acquired in April 2016.

(3) During 2016, our operating income increased compared to the prior year due to both acquisition related growth and organic growth.

(4) Non-cash depreciation and amortization expense increased compared to the prior year primarily as a result of our Rhiag and PGW acquisitions.

(5) Cash paid for taxes increased during 2016 compared to the prior year as a result of growth in the business, primarily related to our Rhiag acquisition.

(6) Cash flows related to our primary working capital accounts can be volatile as the purchases, payments and collections can be timed differently from period to period and can be influenced by factors outside of our control. However, we expect that the net change in these working capital items will generally be a cash outflow as we expect to grow our business each year.

(7) The increase in cash outflows for accounts receivable is primarily related to our U.K. operations as a result of increased sales; the remaining increase primarily related to our Specialty operations, which experienced larger growth in receivables balances during 2016 than the prior year period from organic and acquisition revenue growth.

(8) Compared to the prior year, cash outflows related to inventory declined primarily as a result of our North America and Specialty operations. This was partially offset by inventory growth in our U.K. operations as a result of incremental inventory purchases to stock new branches and the Tamworth, England national distribution center.

(9) Accounts payable represented a $17 million cash inflow in 2016 compared to a $4 million cash outflow in the prior year. The increase is primarily related to a rise in the payables balance in our U.K. operations, partially offset by a decline in the payables balance in our North America and Rhiag operations due to the timing of payments.

Net cash used in investing activities totaled $1.7 billion for the year ended December 31, 2016, compared to $330 million in 2015. We invested $1.3 billion of cash, net of cash acquired, in business acquisitions during 2016, which included $601 million for our Rhiag acquisition and $662 million for our PGW acquisition, compared to $161 million for business acquisitions in 2015. Property and equipment purchases were $207 million in the year ended December 31, 2016 compared to $170 million in the prior year. Purchases of property and equipment increased over the prior period primarily as a result of $24 million of purchases in our discontinued operations and a $20 million increase in our North America segment. In 2016, we paid $186 million for investments in unconsolidated subsidiaries, primarily related to our investment in Mekonomen; payments for investments in consolidated subsidiaries were $10 million in 2015. In 2016, we entered into foreign currency contracts to fund the purchase price of the Rhiag acquisition, which generated $18 million of gains; we had no such contracts in the prior year. During 2016, cash provided by other investing activities, net was $14 million, primarily from the

proceeds on the sale of our interest in our Australian joint venture, compared to $11 million in 2015 primarily as a result of proceeds from disposals of fixed assets.

Net cash provided by financing activities totaled $1.2 billion for the year ended December 31, 2016, compared to net cash used in financing activities of $239 million in 2015. During 2016, net borrowings under our credit facilities were $1.3 billion compared to net repayments of $187 million in 2015. The increase in borrowings during 2016 is primarily the result of borrowings under our multi-currency revolving credit facility in order to fund the acquisitions of Rhiag and PGW and investment in Mekonomen and repay $543 million of Rhiag acquired debt and debt related liabilities. The increase in borrowings during 2016 also reflects our 2016 amendments of our credit facilities, which generated $339 million in additional term loan borrowings, a portion of which was used to repay outstanding revolver borrowings. In April 2016, we issued the Euro Notes (2024), generating proceeds of $563 million. The proceeds from the Euro Notes (2024) were used to repay a portion of the borrowings on the revolving credit facility. In connection with our January and December 2016 amendments of our credit facilities, our April 2016 issuance of the Euro Notes (2024), and our November 2016 amendment to our receivables securitization facility, we paid $17 million of debt issuance costs during 2016; debt issuance costs incurred in the prior year were minimal.

Off-Balance Sheet Arrangements and Future Commitments

We do not have any off-balance sheet arrangements or undisclosed borrowings or debt that would be required to be disclosed pursuant to Item 303 of Regulation S-K under the Securities Exchange Act of 1934. Additionally, we do not have any synthetic leases.

The following table represents our future commitments under contractual obligations as of December 31, 2017 (in millions):

	Total (6)	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual obligations					
Long-term debt (1)	$ 3,982.0	$ 232.6	$ 389.2	$ 276.1	$ 3,084.1
Capital lease obligations (2)	20.3	5.2	7.3	2.3	5.5
Operating leases (3)	1,357.1	235.8	347.5	210.9	562.9
Purchase obligations (4)	678.2	478.2	200.0	—	—
Other long-term obligations (5)	324.8	156.2	68.1	19.3	81.2
Total	$ 6,362.4	$ 1,108.0	$ 1,012.1	$ 508.6	$ 3,733.7

(1) Our long-term debt under contractual obligations above includes interest of $572 million on the balances outstanding as of December 31, 2017 . The long-term debt balance excludes debt issuance costs, as these expenses have already been paid. Interest on our senior notes, notes payable, and other long-term debt is calculated based on the respective stated rates. Interest on our variable rate credit facilities is calculated based on the weighted average rates, including the impact of interest rate swaps through their respective expiration dates, in effect for each tranche of borrowings as of December 31, 2017 . Future estimated interest expense for the next year, one to three years, and three to five years is $108 million , $210 million and $203 million , respectively. Estimated interest expense beyond five years is $51 million .

(2) Interest on capital lease obligations of $10 million is included based on incremental borrowing or implied rates. Future estimated interest expense for the next year is less than $1 million, while future estimated interest expense for both the next one to three years and three to five years is $1 million . Estimated interest expense beyond five years is $8 million .

(3) The operating lease payments above do not include certain tax, insurance and maintenance costs, which are also required contractual obligations under our operating leases but are generally not fixed and can fluctuate from year to year.

(4) Our purchase obligations include open purchase orders for aftermarket inventory.

(5) Our other long-term obligations consist of estimated payments for our self insurance reserves of $87 million, outstanding letters of credit of $71 million, and outstanding estimated payments of $51 million on the repatriation of earnings as a result of the Tax Act, with the remaining $116 million representing primarily other asset purchase commitments and payments for deferred compensation and pension plans.

Additionally, in December 2017, we signed a definitive agreement to acquire Stahlgruber from Stahlgruber Otto Gruber AG, for an enterprise value of €1.5 billion. We will be required to pay a break fee of approximately €75 million if the acquisition of Stahlgruber is not completed. The transaction is expected to be completed in the first half of 2018 and is subject to regulatory approvals. Neither the cash purchase price nor the break fee are included in the table above.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks arising from adverse changes in:

- foreign exchange rates;
- interest rates; and
- commodity prices.

Foreign Exchange Rates

Foreign currency fluctuations may impact the financial results we report for the portions of our business that operate in functional currencies other than the U.S. dollar. Our operations outside of the U.S. represented 41.8% and 39.1% of our revenue during 2017 and 2016, respectively. An increase or decrease in the strength of the U.S. dollar against these currencies by 10% would result in a 4.2% change in our consolidated revenue and a 2.6% change in our operating income for the year ended December 31, 2017. See our Results of Operations discussion in Item 7 of this Annual Report on Form 10-K for additional information regarding the impact of fluctuations in exchange rates on our year over year results.

Additionally, we are exposed to foreign currency fluctuations with respect to the purchase of aftermarket products from foreign countries, primarily in Europe and Asia. To the extent that our inventory purchases are not denominated in the functional currency of the purchasing location, we are exposed to exchange rate fluctuations. In several of our operations, we purchase inventory from manufacturers in Taiwan in U.S. dollars, which exposes us to fluctuations in the relationship between the local functional currency and the U.S. dollar, as well as fluctuations between the U.S. dollar and the Taiwan dollar. We hedge our exposure to foreign currency fluctuations related to a portion of inventory purchases in our Europe operations, but the notional amount and fair value of these foreign currency forward contracts at December 31, 2017 were immaterial. We do not currently attempt to hedge foreign currency exposure related to our foreign currency denominated inventory purchases in our North America operations, and we may not be able to pass on any price increases to our customers.

Other than with respect to a portion of our foreign currency denominated inventory purchases, we do not hold derivative contracts to hedge foreign currency risk. Our net investment in foreign operations is partially hedged by the foreign currency denominated borrowings we use to fund foreign acquisitions; however, our ability to use foreign currency denominated borrowings to finance our foreign operations may be limited based on local tax laws. We have elected not to hedge the foreign currency risk related to the interest payments on foreign borrowings as we generate cash flows in the local currencies that can be used to fund debt payments. As of December 31, 2017, we had outstanding borrowings of €500 million under our Euro Notes (2024), and £124 million, CAD $130 million, SEK 250 million , and €132 million under our revolving credit facilities.

Interest Rates

Our results of operations are exposed to changes in interest rates primarily with respect to borrowings under our credit facilities, where interest rates are tied to the prime rate, LIBOR or CDOR. Therefore, we implemented a policy to manage our exposure to variable interest rates on a portion of our outstanding variable rate debt instruments through the use of interest rate swap contracts. These contracts convert a portion of our variable rate debt to fixed rate debt, matching the currency, effective dates and maturity dates to specific debt instruments. Net interest payments or receipts from interest rate swap contracts are included as adjustments to interest expense. All of our interest rate swap contracts have been executed with banks that we believe are creditworthy (Wells Fargo Bank, N.A.; Bank of America, N.A.; Citizens, N.A.; Fifth Third Bank; HSBC Bank USA, N.A.; and Banco Bilbao Vizcaya Argentaria, S.A.).

As of December 31, 2017, we held ten interest rate swap contracts representing a total of $590 million of U.S. dollar-denominated notional amount debt. Our interest rate swap contracts are designated as cash flow hedges and modify the variable rate nature of that portion of our variable rate debt. These swaps have maturity dates ranging from January 2021 through June 2021. As of December 31, 2017, the fair value of the interest rate swap contracts was an asset of $19 million. The values of such contracts are subject to changes in interest rates.

In addition to these interest rate swaps, as of December 31, 2017 we held three cross currency swap agreements for a total notional amount of $407 million (€385 million) with maturity dates in January 2021. These cross currency swaps contain an interest rate swap component and a foreign currency forward contract component that, combined with related intercompany financing arrangements, effectively convert variable rate U.S. dollar-denominated borrowings into fixed rate euro-denominated borrowings. The swaps are intended to eliminate uncertainty in cash flows in U.S. dollars and euros in connection with intercompany financing arrangements. The cross currency swaps were also executed with banks we believe are creditworthy (Wells Fargo Bank, N.A.; Bank of America, N.A.; and The Bank of Tokyo-Mitsubishi UFJ, Ltd.). As of December 31, 2017, the fair value of the interest rate swap components of the cross currency swaps was an asset of $6 million, and the fair

value of the currency forward components was a liability of $61 million. The values of these contracts are subject to changes in interest rates and foreign currency exchange rates.

In total, we had 48% of our variable rate debt under our credit facilities at fixed rates at December 31, 2017 and December 31, 2016. See Note 9, "Long-Term Obligations " and Note 10, "Derivative Instruments and Hedging Activities " to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information.

At December 31, 2017, we had $1.1 billion of variable rate debt that was not hedged. Using sensitivity analysis, a 100 basis point movement in interest rates would change interest expense by $11 million over the next twelve months.

Commodity Prices

We are exposed to market risk related to price fluctuations in scrap metal and other metals. Market prices of these metals affect the amount that we pay for our inventory and the revenue that we generate from sales of these metals. As both our revenue and costs are affected by the price fluctuations, we have a natural hedge against the changes. However, there is typically a lag between the effect on our revenue from metal price fluctuations and inventory cost changes, and there is no guarantee that the vehicle costs will decrease or increase at the same rate as the metals prices. Therefore, we can experience positive or negative gross margin effects in periods of rising or falling metals prices, particularly when such prices move rapidly. Additionally, if market prices were to change at a greater rate than our vehicle acquisition costs, we could experience a positive or negative effect on our operating margin. The average of scrap metal prices for 2017 has increased 31.8% over the average for 2016.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and stockholders of LKQ Corporation:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of LKQ Corporation and subsidiaries (the "Company") as of December 31, 2017 and 2016 , the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity, for each of the three years in the period ended December 31, 2017 , and the related notes and the schedule listed in the index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016 , and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 , in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017 , based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2018 , expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 27, 2018

We have served as the Company's auditor since 1998.

LKQ CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income
(In thousands, except per share data)

	Year Ended December 31,		
	2017	2016	2015
Revenue	$ 9,736,909	$ 8,584,031	$ 7,192,633
Cost of goods sold	5,937,286	5,232,328	4,359,104
Gross margin	3,799,623	3,351,703	2,833,529
Facility and warehouse expenses	797,388	688,918	556,041
Distribution expenses	784,485	683,812	602,897
Selling, general and administrative expenses	1,131,214	986,380	828,333
Restructuring and acquisition related expenses	19,672	37,762	19,511
Depreciation and amortization	219,546	191,433	122,120
Operating income	847,318	763,398	704,627
Other expense (income):			
Interest expense	101,640	88,263	57,860
Loss on debt extinguishment	456	26,650	—
Gains on foreign exchange contracts - acquisition related	—	(18,342)	—
Gains on bargain purchases	(3,870)	(8,207)	—
Interest and other income, net	(17,535)	(2,247)	(2,263)
Total other expense, net	80,691	86,117	55,597
Income from continuing operations before provision for income taxes	766,627	677,281	649,030
Provision for income taxes	235,560	220,566	219,703
Equity in earnings (loss) of unconsolidated subsidiaries	5,907	(592)	(6,104)
Income from continuing operations	536,974	456,123	423,223
Net (loss) income from discontinued operations	(6,746)	7,852	—
Net income	530,228	463,975	423,223
Less: net loss attributable to noncontrolling interest	(3,516)	—	—
Net income attributable to LKQ stockholders	$ 533,744	$ 463,975	$ 423,223
Basic earnings per share: (1)			
Income from continuing operations	$ 1.74	$ 1.49	$ 1.39
Net (loss) income from discontinued operations	(0.02)	0.03	—
Net income	1.72	1.51	1.39
Less: net loss attributable to noncontrolling interest	(0.01)	—	—
Net income attributable to LKQ stockholders	$ 1.73	$ 1.51	$ 1.39
Diluted earnings per share: (1)			
Income from continuing operations	$ 1.73	$ 1.47	$ 1.38
Net (loss) income from discontinued operations	(0.02)	0.03	—
Net income	1.71	1.50	1.38
Less: net loss attributable to noncontrolling interest	(0.01)	—	—
Net income attributable to LKQ stockholders	$ 1.72	$ 1.50	$ 1.38

(1) The sum of the individual earnings per share amounts may not equal the total due to rounding.

The accompanying notes are an integral part of the consolidated financial statements.

LKQ CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Net income	$ 530,228	$ 463,975	$ 423,223
Less: net loss attributable to noncontrolling interest	(3,516)	—	—
Net income attributable to LKQ stockholders	533,744	463,975	423,223
Other comprehensive income (loss):			
Foreign currency translation, net of tax	200,596	(175,639)	(69,817)
Net change in unrecognized gains/losses on derivative instruments, net of tax	3,447	9,023	2,469
Net change in unrealized gains/losses on pension plans, net of tax	(6,035)	4,911	2,103
Net change in other comprehensive loss from unconsolidated subsidiaries	(1,309)	—	—
Other comprehensive income (loss)	196,699	(161,705)	(65,245)
Comprehensive income	726,927	302,270	357,978
Less: comprehensive loss attributable to noncontrolling interest	(3,516)	—	—
Comprehensive income attributable to LKQ stockholders	$ 730,443	$ 302,270	$ 357,978

The accompanying notes are an integral part of the consolidated financial statements.

LKQ CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31,	
	2017	**2016**
Assets		
Current assets:		
Cash and cash equivalents	$ 279,766	$ 227,400
Receivables, net	1,027,106	860,549
Inventories	2,380,783	1,935,237
Prepaid expenses and other current assets	134,479	87,768
Assets of discontinued operations	—	456,640
Total current assets	3,822,134	3,567,594
Property, plant and equipment, net	913,089	811,576
Intangible assets:		
Goodwill	3,536,511	3,054,769
Other intangibles, net	743,769	584,231
Equity method investments	208,404	183,467
Other assets	142,965	101,562
Total assets	$ 9,366,872	$ 8,303,199
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 788,613	$ 633,773
Accrued expenses:		
Accrued payroll-related liabilities	143,424	118,755
Other accrued expenses	218,600	209,101
Other current liabilities	45,727	37,943
Current portion of long-term obligations	126,360	66,109
Liabilities of discontinued operations	—	145,104
Total current liabilities	1,322,724	1,210,785
Long-term obligations, excluding current portion	3,277,620	3,275,662
Deferred income taxes	252,359	199,657
Other noncurrent liabilities	307,516	174,146
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value, 1,000,000,000 shares authorized, 309,126,386 and 307,544,759 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively	3,091	3,075
Additional paid-in capital	1,141,451	1,116,690
Retained earnings	3,124,103	2,590,359
Accumulated other comprehensive loss	(70,476)	(267,175)
Total Company stockholders' equity	4,198,169	3,442,949
Noncontrolling interest	8,484	—
Total stockholders' equity	4,206,653	3,442,949
Total liabilities and stockholders' equity	$ 9,366,872	$ 8,303,199

The accompanying notes are an integral part of the consolidated financial statements.

LKQ CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 530,228	$ 463,975	$ 423,223
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	230,203	206,086	128,192
Stock-based compensation expense	22,832	22,472	21,336
Loss on debt extinguishment	456	26,650	—
Loss on sale of business	10,796	—	—
Impairment on net assets of discontinued operations	—	26,677	—
Gains on foreign exchange contracts - acquisition related	—	(18,342)	—
Gains on bargain purchases	(3,870)	(8,207)	—
Deferred income taxes	(46,537)	(16,162)	22,388
Other	1,301	19,550	7,348
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Receivables, net	(55,979)	(50,801)	14,704
Inventories	(203,857)	(64,114)	(83,188)
Prepaid income taxes/income taxes payable	8,376	14,944	17,474
Accounts payable	45,136	18,577	(4,222)
Other operating assets and liabilities	(20,185)	(6,291)	(2,973)
Net cash provided by operating activities	518,900	635,014	544,282
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(179,090)	(207,074)	(170,490)
Acquisitions, net of cash acquired	(513,088)	(1,349,339)	(160,517)
Proceeds from disposals of business/investment	301,297	10,304	—
Investments in unconsolidated subsidiaries	(7,664)	(185,671)	(9,682)
Proceeds from foreign exchange contracts	—	18,342	—
Other investing activities, net	13,950	3,510	10,696
Net cash used in investing activities	(384,595)	(1,709,928)	(329,993)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of stock options	7,470	7,963	8,168
Taxes paid related to net share settlements of stock-based compensation awards	(5,525)	(4,438)	(7,581)
Debt issuance costs	(4,267)	(16,554)	(97)
Proceeds from issuance of Euro Notes (2024)	—	563,450	—
Borrowings under revolving credit facilities	839,171	2,636,596	313,142
Repayments under revolving credit facilities	(946,477)	(1,748,664)	(445,282)
Borrowings under term loans	—	582,115	—
Repayments under term loans	(27,884)	(255,792)	(22,500)
Borrowings under receivables securitization facility	11,245	106,400	3,858
Repayments under receivables securitization facility	(11,245)	(69,400)	(35,758)
Borrowings (repayments) of other debt, net	19,706	(31,156)	(29,696)
Payments of Rhiag debt and related payments	—	(543,347)	—
Payments of other obligations	(2,077)	(1,436)	(22,791)
Other financing activities, net	7,316	—	—
Net cash (used in) provided by financing activities	(112,567)	1,225,737	(238,537)
Effect of exchange rate changes on cash and cash equivalents	23,512	(3,704)	(2,960)
Net increase (decrease) in cash and cash equivalents	45,250	147,119	(27,208)
Cash and cash equivalents of continuing operations, beginning of period	227,400	87,397	114,605
Add: Cash and cash equivalents of discontinued operations, beginning of period	7,116	—	—
Cash and cash equivalents of continuing and discontinued operations, beginning of period	234,516	87,397	114,605

Cash and cash equivalents of continuing and discontinued operations, end of period	279,766	234,516	87,397
Less: Cash and cash equivalents of discontinued operations, end of period	—	(7,116)	—
Cash and cash equivalents, end of period	$ 279,766	$ 227,400	$ 87,397
Supplemental disclosure of cash paid for:			
Income taxes, net of refunds	$ 273,019	$ 230,036	$ 180,126
Interest	95,707	86,021	54,917
Supplemental disclosure of noncash investing and financing activities:			
Contingent consideration liabilities	$ 6,234	$ —	$ —

The accompanying notes are an integral part of the consolidated financial statements.

LKQ CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(In thousands)

Notes payable and other financing obligations, including notes issued and debt assumed in connection with business acquisitions	59,045	568,032	28,348
Noncash property, plant and equipment additions	18,122	10,715	8,846
Notes and other financing receivables in connection with disposals of business/investment	4,000	—	—

The accompanying notes are an integral part of the consolidated financial statements.

LKQ CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity
(In thousands)

	LKQ Stockholders						
	Common Stock						
	Shares Issued	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interest	Total Stockholders' Equity
BALANCE, January 1, 2015	303,453	$ 3,035	$ 1,054,686	$ 1,703,161	$ (40,225)	$ —	$ 2,720,657
Net income	—	—	—	423,223	—	—	423,223
Other comprehensive loss	—	—	—	—	(65,245)	—	(65,245)
Restricted stock units vested, net of shares withheld for employee tax	840	8	(4,349)	—	—	—	(4,341)
Stock-based compensation expense	—	—	21,336	—	—	—	21,336
Exercise of stock options	1,425	14	8,849	—	—	—	8,863
Tax withholdings related to net share settlements of stock-based compensation awards	(144)	(2)	(3,934)	—	—	—	(3,936)
Excess tax benefit from stock-based payments	—	—	14,125	—	—	—	14,125
BALANCE, December 31, 2015	305,574	$ 3,055	$ 1,090,713	$ 2,126,384	$ (105,470)	$ —	$ 3,114,682
Net income	—	—	—	463,975	—	—	463,975
Other comprehensive loss	—	—	—	—	(161,705)	—	(161,705)
Restricted stock units vested, net of shares withheld for employee tax	847	9	(4,447)	—	—	—	(4,438)
Stock-based compensation expense	—	—	22,472	—	—	—	22,472
Exercise of stock options	1,124	11	7,952	—	—	—	7,963
BALANCE, December 31, 2016	307,545	$ 3,075	$ 1,116,690	$ 2,590,359	$ (267,175)	$ —	$ 3,442,949
Net income	—	—	—	533,744	—	(3,516)	530,228
Other comprehensive income	—	—	—	—	196,699	—	196,699
Restricted stock units vested, net of shares withheld for employee tax	749	7	(4,332)	—	—	—	(4,325)
Stock-based compensation expense	—	—	22,832	—	—	—	22,832
Exercise of stock options	867	9	7,461	—	—	—	7,470
Tax withholdings related to net share settlements of stock-based compensation awards	(34)	—	(1,200)	—	—	—	(1,200)
Sales of subsidiary shares to noncontrolling interest	—	—	—	—	—	12,000	12,000
BALANCE, December 31, 2017	309,127	$ 3,091	$ 1,141,451	$ 3,124,103	$ (70,476)	$ 8,484	$ 4,206,653

The accompanying notes are an integral part of the consolidated financial statements.

LKQ CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Business

The financial statements presented in this report represent the consolidation of LKQ Corporation, a Delaware corporation, and its subsidiaries. LKQ Corporation is a holding company and all operations are conducted by subsidiaries. When the terms "LKQ," "the Company," "we," "us," or "our" are used in this document, those terms refer to LKQ Corporation and its consolidated subsidiaries.

We are a leading provider of alternative vehicle collision replacement products and alternative vehicle mechanical replacement products, with our sales, processing, and distribution facilities reaching most major markets in the United States and Canada. We are also a leading provider of alternative vehicle replacement and maintenance products in Europe. In addition to our wholesale operations, we operate self service retail facilities across the U.S. that sell recycled automotive products from end-of-life-vehicles. We are also a leading distributor of specialty vehicle aftermarket equipment and accessories reaching most major markets in the U.S. and Canada. In total, we operate approximately 1,500 facilities.

Note 2. Business Combinations

During the year ended December 31, 2017, we completed 26 acquisitions including 6 wholesale businesses in North America, 16 wholesale businesses in Europe and 4 Specialty vehicle aftermarket businesses. Our acquisitions in Europe included the acquisition of four aftermarket parts distribution businesses in Belgium in July 2017. Our acquisitions in Specialty included the acquisition of Warn in November 2017.

Total acquisition date fair value of the consideration for these acquisitions was $542 million , composed of $510 million of cash paid (net of cash acquired), $6 million for the estimated value of contingent payments to former owners (with maximum potential payments totaling $19 million), $5 million of other purchase price obligations (non-interest bearing) and $20 million of notes payable. We typically fund our acquisitions using borrowings under our credit facilities or other financing arrangements. During the year ended December 31, 2017, we recorded $307 million of goodwill related to these acquisitions, of which we expect $21 million to be deductible for income tax purposes. In the period between the acquisition dates and December 31, 2017, these acquisitions generated revenue of $227 million and an operating loss of $2 million .

On December 10, 2017, we entered into an agreement to acquire Stahlgruber, a leading European wholesale distributor of aftermarket spare parts for passenger cars, tools, capital equipment and accessories with operations in Germany, Austria, Czech Republic, Italy, Slovenia, and Croatia with further sales to Switzerland. The transaction is expected to be completed in the first half of 2018 and is subject to regulatory approvals. This acquisition will expand LKQ's geographic presence in continental Europe and serve as an additional strategic hub for our European operations. In addition, we believe this acquisition will allow for continued improvement in procurement, logistics and infrastructure optimization.

On March 18, 2016, we acquired Rhiag, a distributor of aftermarket spare parts for passenger cars and commercial vehicles in Italy, Czech Republic, Slovakia, Switzerland, Hungary, Romania, Ukraine, Bulgaria, Poland and Spain. This acquisition expanded LKQ's geographic presence in continental Europe, and we believe the acquisition will generate potential purchasing synergies. Total acquisition date fair value of the consideration for our Rhiag acquisition was €534 million ($602 million), composed of €534 million ($601 million) of cash paid (net of cash acquired) and €1 million ($1 million) of intercompany balances considered to be effectively settled as part of the transaction. In addition, we assumed €489 million ($551 million) of existing Rhiag debt as of the acquisition date. We recorded $591 million ($585 million in 2016 and $5 million in the three months ended March 31, 2017) of goodwill related to our acquisition of Rhiag, which we do not expect to be deductible for income tax purposes.

Related to the funding of the purchase price of the Rhiag acquisition, LKQ entered into foreign currency forward contracts in March 2016 to acquire a total of €588 million . The rates locked in under the foreign currency forwards were favorable to the spot rate on the settlement date, and as a result, these derivative contracts generated a gain of $18 million during the year ended December 31, 2016. The gain on the foreign currency forwards was recorded in Gains on foreign exchange contracts - acquisition related on our consolidated statement of income for the year ended December 31, 2016.

On April 21, 2016, we acquired PGW. At acquisition, PGW’s business comprised aftermarket automotive replacement glass distribution services and automotive glass manufacturing. The acquisition expanded our addressable market in North America. Additionally, the acquisition created distribution synergies with our existing network. Total acquisition date fair value of the consideration for our PGW acquisition was $662 million , consisting of cash paid (net of cash acquired). We recorded $208 million ($205 million in 2016 and $3 million in the six months ended June 30, 2017) of goodwill related to our acquisition of PGW, of which we expect $104 million to be deductible for income tax purposes.

On October 4, 2016, we acquired substantially all of the business assets of Andrew Page, a distributor of aftermarket automotive parts in the U.K., out of receivership. The acquisition was subject to regulatory approval by the CMA in the U.K. The CMA concluded its review on October 31, 2017 and determined that we must divest less than 10% of the acquired locations. Total acquisition date fair value of the consideration for this acquisition was £16 million ($20 million). In connection with the acquisition, we recorded a gain on bargain purchase of $10 million ($8 million recorded in 2016 and $2 million recorded in 2017), which is reported on a separate line in our consolidated statements of income. We believe that we were able to acquire the net assets of Andrew Page for less than fair value as a result of (i) Andrew Page's financial difficulties that put the company into receivership prior to our acquisition and (ii) a motivated seller that desired to complete the sale in an expedient manner to ensure continuity of the business.

In addition to our acquisitions of Rhiag, PGW and Andrew Page, we acquired seven wholesale businesses in Europe and five wholesale businesses in North America during the year ended December 31, 2016. Total acquisition date fair value of the consideration for these acquisitions was $76 million , composed of $68 million of cash paid (net of cash acquired), $4 million of notes payable and $4 million of other purchase price obligations (non-interest bearing). During the year ended December 31, 2016, we recorded $52 million of goodwill related to these acquisitions and immaterial adjustments to preliminary purchase price allocations related to certain of our 2015 acquisitions. We expect that substantially all of the goodwill recorded for these acquisitions will not be deductible for income tax purposes.

During the year ended December 31, 2015, we completed 18 acquisitions, including four wholesale businesses in North America, 12 wholesale businesses in Europe, a self service retail operation, and a specialty vehicle aftermarket business. Our wholesale business acquisitions in North America included Parts Channel, an aftermarket collision parts distributor. We also acquired Coast, a specialty aftermarket business that distributes replacement parts, supplies and accessories in North America for the RV and outdoor recreation markets. Our European acquisitions included 11 aftermarket parts distribution businesses in the Netherlands, nine of which were former customers of and distributors for our Netherlands subsidiary, Sator, and were acquired with the objective of expanding our distribution network in the Netherlands. Our other acquisitions completed during the year ended December 31, 2015 enabled us to expand our geographic presence. Total acquisition date fair value of the consideration for these acquisitions was $ 188 million , composed of $161 million of cash (net of cash acquired), $4 million of notes payable, $21 million of other purchase price obligations, and $1 million of pre-existing balances between us and the acquired entities considered to be effectively settled as a result of the acquisitions. During the year ended December 31, 2015, we recorded $92 million of goodwill related to these acquisitions and immaterial adjustments to preliminary purchase price allocations related to certain of our 2014 acquisitions. We expect $ 70 million of the $92 million of goodwill recorded to be deductible for income tax purposes.

Our acquisitions are accounted for under the purchase method of accounting and are included in our consolidated financial statements from the dates of acquisition. The purchase prices were allocated to the net assets acquired based upon estimated fair market values at the dates of acquisition. The purchase price allocations for the acquisitions made during the year ended December 31, 2017 are preliminary as we are in the process of determining the following: 1) valuation amounts for certain receivables, inventories and fixed assets acquired; 2) valuation amounts for certain intangible assets acquired; 3) the acquisition date fair value of certain liabilities assumed; and 4) the final estimation of the tax basis of the entities acquired. We have recorded preliminary estimates for certain of the items noted above and will record adjustments, if any, to the preliminary amounts upon finalization of the valuations.

From the date of our preliminary allocation for Rhiag in the first quarter of 2016 through March 31, 2017, we recorded adjustments based on our valuation procedures for our acquisition of Rhiag that resulted in a decrease of $154 million to goodwill recorded in 2016, partially offset by a $5 million increase to goodwill recorded in 2017. The 2016 adjustments were primarily attributable to an increase in the value allocated to acquired assets, primarily intangible assets and property, plant and equipment; the 2017 adjustments were primarily attributable to a decline in the value allocated to property, plant and equipment. Additionally, from the date of our preliminary allocation for PGW in the second quarter of 2016 through June 30, 2017, we recorded adjustments based on our valuation procedures that resulted in a $24 million increase to goodwill recorded, of which $3 million was recorded in 2017. These adjustments were primarily attributable to a decline in the value allocated to property, plant and equipment, partially offset by an increase in the value allocated to deferred taxes. Finally, from the date of our preliminary allocations for our acquisitions completed in the first nine months of 2017 through December 31, 2017, we recorded adjustments based on our valuation procedures that resulted in a decrease to goodwill of $15 million . This decrease to goodwill was primarily a result of (i) an increase in the value allocated to acquired assets, primarily intangible assets and property, plant and equipment, and (ii) a decrease in our estimate of the acquisition date fair value of the contingent payment liability to the former owners. The income statement effect of these measurement period adjustments for our Rhiag and PGW acquisitions as well as our acquisitions completed in the first nine months of 2017 that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition dates was immaterial. The balance sheet impact and income statement effect of other measurement-period adjustments recorded for acquisitions completed in prior periods were immaterial.

The purchase price allocations for the acquisitions completed during the years ended December 31, 2017 and 2016 are as follows (in thousands):

	Year Ended December 31, 2017	Year Ended December 31, 2016			
	All Acquisitions [1]	Rhiag	PGW [2]	Other Acquisitions	Total
Receivables	$ 73,782	$ 230,670	$ 136,523	$ 13,216	$ 380,409
Receivable reserves	(7,032)	(28,242)	(7,135)	(794)	(36,171)
Inventories [3]	150,342	239,529	169,159	62,223	470,911
Prepaid expenses and other current assets	(295)	10,793	42,573	4,445	57,811
Property , plant and equipment	41,039	56,774	225,645	17,140	299,559
Goodwill	314,817	585,415	205,058	52,336	842,809
Other intangibles	181,216	429,360	37,954	2,537	469,851
Other assets [4]	3,257	2,092	57,671	(133)	59,630
Deferred income taxes	(65,087)	(110,791)	17,506	(1,000)	(94,285)
Current liabilities assumed	(111,484)	(239,665)	(168,332)	(42,290)	(450,287)
Debt assumed	(33,586)	(550,843)	(4,027)	(2,378)	(557,248)
Other noncurrent liabilities assumed	(1,917)	(23,085)	(50,847)	(103)	(74,035)
Contingent consideration liabilities	(6,234)	—	—	—	—
Other purchase price obligations	(5,074)	—	—	(6,698)	(6,698)
Notes issued	(20,187)	—	—	(4,087)	(4,087)
Settlement of pre-existing balances	242	(591)	—	(32)	(623)
Gains on bargain purchases [5]	(3,870)	—	—	(8,207)	(8,207)
Settlement of other purchase price obligations (non-interest bearing)	3,159	—	—	—	—
Cash used in acquisitions, net of cash acquired	$ 513,088	$ 601,416	$ 661,748	$ 86,175	$ 1,349,339

(1) Includes $6 million and $3 million of adjustments to reduce property , plant and equipment and other assets for Rhiag and PGW, respectively.

(2) Includes both continuing and discontinued operations of PGW. See Note 3, "Discontinued Operations" for further information on our discontinued operations.

(3) The PGW inventory balance includes the impact of a $10 million step-up adjustment to report the inventory at its fair value. The amount for our 2017 acquisitions includes a $4 million step-up adjustment related to our Warn acquisition.

(4) The balance for PGW includes $24 million of investments in unconsolidated subsidiaries which relate to the discontinued portion of our PGW operations.

(5) The amount recorded during the year ended December 31, 2017 includes a $2 million increase to the gain on bargain purchase recorded for our Andrew Page acquisition as a result of changes to our estimate of the fair value of the net assets acquired. The remainder of the gain on bargain purchase recorded during the year ended December 31, 2017 is an immaterial amount related to another acquisition in Europe completed in the second quarter of 2017.

The fair value of our intangible assets is based on a number of inputs including projections of future cash flows, assumed royalty rates and customer attrition rates, all of which are Level 3 inputs. The fair value of our property , plant and equipment is determined using inputs such as market comparables and current replacement or reproduction costs of the asset, adjusted for physical, functional and economic factors; these adjustments to arrive at fair value use unobservable inputs in which little or no market data exists, and therefore, these inputs are considered to be Level 3 inputs. See Note 2, "Fair Value Measurements" for further information regarding the tiers in the fair value hierarchy.

Other noncurrent liabilities recorded for our acquisitions of Rhiag and PGW includes a liability for certain pension and other post-retirement obligations we assumed with the acquisitions. A portion of PGW's liability for pension and post-retirement obligations relates to the glass manufacturing operations business, which was classified as discontinued operations, and was recorded within Liabilities of discontinued operations on our consolidated balance sheet as of December 31, 2016; these amounts were included in the net assets disposed of as part of the sale of the business, which occurred in the first quarter

of 2017. Due to the immateriality of our pension plans for our continuing operations, we have not provided the detailed disclosures otherwise prescribed by the accounting guidance on pensions and other post-retirement obligations.

The primary objectives of our acquisitions made during the years ended December 31, 2017 and 2016 were to create economic value for our stockholders by enhancing our position as a leading source for alternative collision and mechanical repair products and to expand into other product lines and businesses that may benefit from our operating strengths. Certain 2017 acquisitions were completed to enable us to align our distribution model in the Benelux region. Our 2016 acquisition of Rhiag enabled us to expand our market presence in continental Europe. We believe that our Rhiag acquisition will allow for synergies within our European operations, most notably in procurement, and these projected synergies contributed to the goodwill recorded on the Rhiag acquisition. Our acquisition of PGW autoglass enabled us to enter into new product lines and increase the size of our addressable market. In addition, the acquisition of PGW autoglass created distribution synergies with our existing network in North America, which contributed to the goodwill recorded on the acquisition.

When we identify potential acquisitions, we attempt to target companies with a leading market presence, an experienced management team and workforce that provide a fit with our existing operations, and strong cash flows. For certain of our acquisitions, we have identified cost savings and synergies as a result of integrating the company with our existing business that provide additional value to the combined entity. In many cases, acquiring companies with these characteristics will result in purchase prices that include a significant amount of goodwill.

The following pro forma summary presents the effect of the businesses acquired during the year ended December 31, 2017 as though the businesses had been acquired as of January 1, 2016 , the businesses acquired during the year ended December 31, 2016 as though they had been acquired as of January 1, 2015 , and the businesses acquired during the year ended December 31, 2015 as though they had been acquired as of January 1, 2014. The pro forma adjustments are based upon unaudited financial information of the acquired entities (in thousands, except per share data):

	Year Ended December 31,		
	2017	2016	2015
Revenue, as reported	$ 9,736,909	$ 8,584,031	$ 7,192,633
Revenue of purchased businesses for the period prior to acquisition:			
Rhiag	—	213,376	994,903
PGW [1]	—	102,540	339,012
Other acquisitions	333,995	854,601	615,140
Pro forma revenue	$ 10,070,904	$ 9,754,548	$ 9,141,688
Income from continuing operations, as reported	$ 536,974	$ 456,123	$ 423,223
Income (loss) from continuing operations of purchased businesses for the period prior to acquisition, and pro forma purchase accounting adjustments:			
Rhiag	—	(84)	10,310
PGW [1],[2]	—	7,574	3,334
Other acquisitions	15,431	19,323	15,266
Acquisition related expenses, net of tax [3]	5,870	11,602	1,830
Pro forma income from continuing operations	$ 558,275	$ 494,538	$ 453,963
Earnings per share from continuing operations, basic - as reported	$ 1.74	$ 1.49	$ 1.39
Effect of purchased businesses for the period prior to acquisition:			
Rhiag	—	(0.00)	0.03
PGW [1],[2]	—	0.02	0.01
Other acquisitions	0.05	0.06	0.05
Acquisition related expenses, net of tax [3]	0.02	0.04	0.01
Pro forma earnings per share from continuing operations, basic [4]	$ 1.81	$ 1.61	$ 1.49
Earnings per share from continuing operations, diluted - as reported	$ 1.73	$ 1.47	$ 1.38
Effect of purchased businesses for the period prior to acquisition:			
Rhiag	—	(0.00)	0.03
PGW [1],[2]	—	0.02	0.01
Other acquisitions	0.05	0.06	0.05
Acquisition related expenses, net of tax [3]	0.02	0.04	0.01
Pro forma earnings per share from continuing operations, diluted [4]	$ 1.80	$ 1.60	$ 1.48

(1) PGW reflects the results for the continuing aftermarket automotive glass distribution business only.

(2) Excludes $18 million and $5 million of corporate costs for 2015 and 2016, respectively, that we do not expect to incur going forward as a result of the sale of our glass manufacturing business.

(3) Includes expenses related to acquisitions closed in the period and excludes expenses for acquisitions not yet completed.

(4) The sum of the individual earnings per share amounts may not equal the total due to rounding.

Unaudited pro forma supplemental information is based upon accounting estimates and judgments that we believe are reasonable. The unaudited pro forma supplemental information includes the effect of purchase accounting adjustments, such as the adjustment of inventory acquired to fair value, adjustments to depreciation on acquired property , plant and equipment, adjustments to rent expense for above or below market leases, adjustments to amortization on acquired intangible assets, adjustments to interest expense, and the related tax effects. The pro forma impact of our acquisitions also reflects the elimination of acquisition related expenses, net of tax. Refer to Note 5, "Restructuring and Acquisition Related Expenses," for

further information regarding our acquisition related expenses. These pro forma results are not necessarily indicative of what would have occurred if the acquisitions had been in effect for the periods presented or of future results.

Note 3. Discontinued Operations

On March 1, 2017, LKQ completed the sale of the glass manufacturing business of its PGW subsidiary to a subsidiary of Vitro S.A.B. de C.V. ("Vitro") for a sales price of $301 million , including cash received of $316 million , net of cash disposed of $15 million . Related to this transaction, the remaining portion of the Glass operating segment was combined with our Wholesale - North America operating segment, which is part of our North America reportable segment, in the first quarter of 2017. See Note 14, "Segment and Geographic Information " for further information regarding our segments.

Upon execution of the Stock and Asset Purchase Agreement (the "Vitro Agreement") in December 2016, LKQ concluded that the glass manufacturing business met the criteria to be classified as held for sale in LKQ's consolidated financial statements. As a result, the assets related to the glass manufacturing business were reflected on the Consolidated Balance Sheet at the lower of the net asset carrying value or fair value less cost to sell as of December 31, 2016. The fair value of the assets was determined using the negotiated sale price as an indicator of fair value, which is considered a Level 2 input as it is observable in a non-active market. See Note 2, "Fair Value Measurements" for further information regarding the tiers in the fair value hierarchy.

As part of the Vitro Agreement, the Company and Vitro entered into a twelve-month Transition Services Agreement commencing on the transaction date with two six-month renewal periods, a three-year Purchase and Supply Agreement, and an Intellectual Property Agreement.

The following table summarizes the operating results of the Company's discontinued operations related to the sale described above for the years ended December 31, 2017 and 2016, as presented in "Net (loss) income from discontinued operations, net of tax" on the Consolidated Statements of Income (in thousands):

	Year Ended December 31,	
	2017	2016
Revenue	$ 111,130	$ 498,233
Cost of goods sold	100,084	424,161
Operating expenses	8,369	22,330
Impairment on net assets of discontinued operations [(1)]	—	26,677
Operating income	2,677	25,065
Interest and other income (expense), net [(2)]	1,204	(9,136)
Income from discontinued operations before taxes	3,881	15,929
Provision for income taxes	3,598	8,252
Equity in (loss) earnings of unconsolidated subsidiaries	(534)	175
(Loss) income from discontinued operations, net of tax	(251)	7,852
Loss on sale of discontinued operations, net of tax [(3)]	(6,495)	—
Net (loss) income from discontinued operations	$ (6,746)	$ 7,852

(1) Upon recognition of the glass manufacturing business net assets as held for sale, an impairment test was performed on the net assets of the glass manufacturing business resulting in a pre-tax impairment loss of $27 million and a tax benefit of $7 million . The impairment represents a $21 million impairment on long-lived assets, with the remaining $6 million representing a valuation allowance on the current assets held for sale.

(2) The Company elected to allocate interest expense to discontinued operations based on the expected debt to be repaid. Under this approach, allocated interest from January 1, 2017 through the date of sale was $2 million and from April 21, 2016 to December 31, 2016 was $6 million . The other expenses, net were foreign currency gains and losses.

(3) In the first quarter of 2017, upon closing of the sale and write-off of the net assets of the glass manufacturing business, we recorded a pre-tax loss on sale of $9 million , and a $4 million tax benefit. The incremental loss primarily reflects a $6 million payable for intercompany sales from the glass manufacturing business to the aftermarket automotive glass distribution business incurred prior to closing which was paid by LKQ during the second quarter of 2017 and capital expenditures in 2017 that were not reimbursed by the buyer. During the fourth quarter of 2017, we recorded an additional loss on sale of $2 million as a result of post sale net working capital adjustments.

Certain tax related matters remain open with Vitro as of December 31, 2017, which when resolved may impact our reported results and cash flows.

The glass manufacturing business had $4 million of operating cash outflows, $4 million of investing cash outflows mainly consisting of capital expenditures, and $15 million of financing cash inflows made up of parent financing for the period from January 1, 2017 through March 1, 2017. The glass manufacturing business had $64 million of operating cash inflows, $29 million of investing cash outflows mainly consisting of capital expenditures, and $1 million of capital lease debt payments for the period from April 21, 2016 through December 31, 2016. The following table summarizes the significant non-cash operating activities, capital expenditures and investments in unconsolidated subsidiaries of the Company's discontinued operations related to the glass manufacturing business (in thousands):

	Period from January 1 to March 1, 2017	Period from April 21 to December 31, 2016
Non-cash operating activities:		
Depreciation and amortization	$ —	$ 7,752
Impairment of net assets of discontinued operations	—	26,677
Deferred income taxes	—	(4,516)
Capital Expenditures	(3,598)	(24,156)
Investments in unconsolidated subsidiaries	—	(4,400)

The major classes of assets and liabilities related to the glass manufacturing business as of December 31, 2016 were as follows (in thousands):

	December 31, 2016
Cash and cash equivalents	$ 7,116
Receivables, net	77,442
Inventories	71,952
Prepaid expenses and other current assets	42,426
Property, plant and equipment, net	199,136
Other assets	64,166
Valuation allowance	(5,598)
Total assets from discontinued operations	$ 456,640
Accounts payable	$ 72,696
Other current liabilities	37,104
Long-term obligations	1,648
Other noncurrent liabilities (includes pension and post-retirement obligations)	33,656
Total liabilities from discontinued operations	145,104
Net assets from discontinued operations	$ 311,536

Pursuant to the Purchase and Supply Agreement, our aftermarket automotive glass distribution business will source various products from Vitro's glass manufacturing business annually for a three year period beginning on March 1, 2017. Between January 1, 2017 and the sale date of March 1, 2017, intercompany sales between the glass manufacturing business and the continuing aftermarket automotive glass distribution business of PGW, which were eliminated in consolidation, were $8 million . All purchases from Vitro, including those outside of the Purchase and Supply Agreement, for the year ended December 31, 2017, were $42 million . For the period from April 21, 2016 through December 31, 2016, intercompany sales between the glass manufacturing business and PGW autoglass, which were eliminated in consolidation, were $29 million .

Note 4. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of LKQ Corporation and its subsidiaries. All intercompany transactions and accounts have been eliminated.

Use of Estimates

In preparing our financial statements in conformity with accounting principles generally accepted in the United States of America, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The majority of our revenue is derived from the sale of vehicle parts. Revenue is recognized when the products are shipped to, delivered to or picked up by customers and title has transferred, subject to an allowance for estimated returns, discounts and allowances that we estimate based upon historical information. We recorded a reserve for estimated returns, discounts and allowances of approximately $42 million and $38 million at December 31, 2017 and 2016 , respectively. We present taxes assessed by governmental authorities collected from customers on a net basis. Therefore, the taxes are excluded from revenue on our Consolidated Statements of Income and are shown as a current liability on our Consolidated Balance Sheets until remitted. We recognize revenue from the sale of scrap metal, other metals, and cores when title has transferred, which typically occurs upon delivery to the customer. Revenue also includes amounts billed to customers for shipping and handling. Distribution expenses in the accompanying Consolidated Statements of Income are the costs incurred to prepare and deliver products to customers.

Receivables and Allowance for Doubtful Accounts

In the normal course of business, we extend credit to customers after a review of each customer's credit history. We recorded a reserve for uncollectible accounts of approximately $58 million and $46 million at December 31, 2017 and 2016 , respectively. The reserve is based upon the aging of the accounts receivable, our assessment of the collectability of specific customer accounts and historical experience. Receivables are written off once collection efforts have been exhausted. Recoveries of receivables previously written off are recorded when received.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. We control our exposure to credit risk associated with these instruments by (i) placing our cash and cash equivalents with several major financial institutions; (ii) holding high-quality financial instruments; and (iii) maintaining strict policies over credit extension that include credit evaluations, credit limits and monitoring procedures. In addition, our overall credit risk with respect to accounts receivable is limited to some extent because our customer base is composed of a large number of geographically diverse customers.

Inventories

We classify our inventory into the following categories: (i) aftermarket and refurbished products, (ii) salvage and remanufactured products, and (iii) manufactured products.

An aftermarket product is a new vehicle product manufactured by a company other than the original equipment manufacturer. For all of our aftermarket products, excluding our aftermarket automotive glass products, cost is established based on the average price we pay for parts; for our aftermarket automotive glass products inventory, cost is established using the first-in first-out method. Inventory cost for all of our aftermarket products includes expenses incurred for freight in and overhead costs; for items purchased from foreign companies, import fees and duties and transportation insurance are also included. Refurbished products are parts that require cosmetic repairs, such as wheels, bumper covers and lights; LKQ will apply new parts, products or materials to these parts in order to produce the finished product. Refurbished inventory cost is based upon the average price we pay for cores. The cost of our refurbished inventory also includes expenses incurred for freight in, labor and other overhead costs.

A salvage product is a recycled vehicle part suitable for sale as a replacement part. Cost is established based upon the price we pay for a vehicle, including auction, storage and towing fees, as well as expenditures for buying and dismantling the vehicle. Inventory carrying value is determined using the average cost to sales percentage at each of our facilities and applying that percentage to the facility's inventory at expected selling prices, the assessment of which incorporates the sales probability based on a part's number of days in stock and historical demand. The average cost to sales percentage is derived from each facility's historical profitability for salvage vehicles. Remanufactured products are used parts that have been inspected, rebuilt, or reconditioned to restore functionality and performance, such as remanufactured engines and transmissions. Remanufactured inventory cost is based upon the price paid for cores, which are recycled automotive parts that are not suitable for sale as a

replacement part without further processing, and also includes expenses incurred for freight in, direct manufacturing costs and other overhead costs.

A manufactured product is a new vehicle product. Manufactured product inventory can be a raw material, work-in-process or finished good. Cost is established using the first-in first-out method.

For all inventory, carrying value is recorded at the lower of cost or net realizable value and is reduced to reflect current anticipated demand. If actual demand is lower than our estimates, additional reductions to inventory carrying value would be necessary in the period such determination is made.

Inventories consist of the following (in thousands):

	December 31,	
	2017	2016
Aftermarket and refurbished products	$ 1,877,653	$ 1,540,257
Salvage and remanufactured products	487,108	394,980
Manufactured products	16,022	—
Total inventories	$ 2,380,783	$ 1,935,237

Our acquisitions completed during 2017 contributed $95 million of the increase in our aftermarket and refurbished products inventory, $35 million of the increase in our salvage and remanufactured products inventory and $20 million of the increase in our manufactured inventory. See Note 2, "Business Combinations " for further information on our acquisitions. As of December 31, 2017, manufactured products inventory is composed of $10 million of raw materials, $2 million of work in process, and $4 million of finished goods.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Expenditures for major additions and improvements that extend the useful life of the related asset are capitalized. As property, plant and equipment are sold or retired, the applicable cost and accumulated depreciation are removed from the accounts and any resulting gain or loss thereon is recognized. Construction in progress consists primarily of building and land improvements at our existing facilities. Depreciation is calculated using the straight-line method over the estimated useful lives or, in the case of leasehold improvements, the term of the related lease and reasonably assured renewal periods, if shorter.

Our estimated useful lives are as follows:

Land improvements	10-20 years
Buildings and improvements	20-40 years
Machinery and equipment	3-20 years
Computer equipment and software	3-10 years
Vehicles and trailers	3-10 years
Furniture and fixtures	5-7 years

Property, plant and equipment consists of the following (in thousands):

	December 31,	
	2017	2016
Land and improvements	$ 137,790	$ 127,211
Buildings and improvements	233,078	209,773
Machinery and equipment	521,526	429,446
Computer equipment and software	133,753	120,316
Vehicles and trailers	161,269	138,263
Furniture and fixtures	31,794	28,405
Leasehold improvements	257,506	152,356
	1,476,716	1,205,770
Less—Accumulated depreciation	(606,112)	(495,644)
Construction in progress	42,485	101,450
Total property, plant and equipment, net	$ 913,089	$ 811,576

We record depreciation expense within Depreciation and amortization on our Consolidated Statements of Income. Additionally, depreciation expense associated with our refurbishing, remanufacturing, manufacturing and furnace operations as well as our distribution centers is included in Cost of goods sold on the Consolidated Statements of Income. Total depreciation expense for the years ended December 31, 2017 , 2016 and 2015 was $129 million , $115 million , and $94 million , respectively.

Intangible Assets

Intangible assets consist primarily of goodwill (the cost of purchased businesses in excess of the fair value of the identifiable net assets acquired) and other specifically identifiable intangible assets, such as trade names, trademarks, customer and supplier relationships, software and other technology related assets, and covenants not to compete.

Goodwill is tested for impairment at least annually, and we performed annual impairment tests during the fourth quarters of 2017 , 2016 and 2015 . The results of all of these tests indicated that goodwill was not impaired. Goodwill impairment testing may also be performed on an interim basis when events or circumstances arise that may lead to impairment. We noted that the fair value estimate for the Aviation reporting unit exceeded the carrying value by less than 10% . This result aligns with our expectations as there has not been a significant change in the value of the business, which was acquired in March 2017, since the acquisition date while we continue to execute our business plan.

The changes in the carrying amount of goodwill by reportable segment are as follows (in thousands):

	North America [(1)]	Europe	Specialty [(1)]	Total
Balance as of January 1, 2015	$ 1,379,681	$ 616,819	$ 292,395	$ 2,288,895
Business acquisitions and adjustments to previously recorded goodwill	72,355	21,217	(1,397)	92,175
Exchange rate effects	(18,537)	(43,554)	267	(61,824)
Balance as of December 31, 2015	$ 1,433,499	$ 594,482	$ 291,265	$ 2,319,246
Business acquisitions and adjustments to previously recorded goodwill	226,483	614,437	1,889	842,809
Exchange rate effects	1,818	(108,943)	(161)	(107,286)
Balance as of December 31, 2016	$ 1,661,800	$ 1,099,976	$ 292,993	$ 3,054,769
Business acquisitions and adjustments to previously recorded goodwill	39,836	155,366	119,615	314,817
Exchange rate effects	7,718	159,556	(349)	166,925
Balance as of December 31, 2017	$ 1,709,354	$ 1,414,898	$ 412,259	$ 3,536,511

(1) In the first quarter of 2017, we realigned a portion of our North America operations under our Specialty segment. Prior year amounts have been recast to reflect the shift in reporting structure.

The components of other intangibles, net are as follows (in thousands):

	December 31, 2017	December 31, 2016
Intangible assets subject to amortization	$ 664,969	$ 584,231
Indefinite-lived intangible assets [(1)]	78,800	—
Total	$ 743,769	$ 584,231

(1) Indefinite-lived intangible assets are composed of trademarks.

The components of intangible assets subject to amortization are as follows (in thousands):

	December 31, 2017			December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trade names and trademarks	$ 327,332	$ (75,095)	$ 252,237	$ 286,008	$ (51,104)	$ 234,904
Customer and supplier relationships	510,113	(167,532)	342,581	395,284	(92,079)	303,205
Software and other technology related assets	124,049	(59,081)	64,968	77,329	(35,648)	41,681
Covenants not to compete	14,981	(9,798)	5,183	11,726	(7,285)	4,441
Total	$ 976,475	$ (311,506)	$ 664,969	$ 770,347	$ (186,116)	$ 584,231

The components of other intangibles acquired during the years ended December 31, 2017 and 2016 include the following (in thousands):

	Year Ended December 31, 2017	Year Ended December 31, 2016			
	All Acquisitions	Rhiag	PGW	Other Acquisitions	Total
Trade names and trademarks [(1)]	$ 87,306	$ 127,351	$ 5,500	$ 1,015	$ 133,866
Customer and supplier relationships	75,450	291,893	29,700	—	321,593
Software and other technology related assets	15,757	10,116	1,154	1,420	12,690
Covenants not to compete	2,703	—	1,600	102	1,702
Total	$ 181,216	$ 429,360	$ 37,954	$ 2,537	$ 469,851

(1) Includes a trademark intangible asset of $79 million recorded as part of our acquisition of Warn in 2017. We assigned this trademark an indefinite life.

The weighted-average amortization periods for our intangible assets acquired during the years ended December 31, 2017 and 2016 are as follows (in years):

	Year Ended December 31, 2017	Year Ended December 31, 2016			
	All Acquisitions	Rhiag	PGW	Other Acquisitions	Total
Trade names and trademarks	11.2	20.0	20.0	20.0	20.0
Customer and supplier relationships	18.6	15.0	10.0	—	14.5
Software and other technology related assets	11.1	5.0	14.6	5.4	5.7
Covenants not to compete	4.4	—	5.0	2.0	4.8
Total intangible assets	16.5	16.2	11.4	11.1	15.8

Our estimated useful lives for our finite-lived intangible assets are as follows:

	Method of Amortization	Useful Life
Trade names and trademarks	Straight-line	4-30 years
Customer and supplier relationships	Accelerated	6-20 years
Software and other technology related assets	Straight-line	3-15 years
Covenants not to compete	Straight-line	2-5 years

Amortization expense for intangibles was $102 million , $83 million and $34 million during the years ended December 31, 2017 , 2016 and 2015 , respectively. Estimated amortization expense for each of the five years in the period ending December 31, 2022 is $97 million , $81 million , $65 million , $55 million and $48 million , respectively.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. If such review indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount of such assets is reduced to fair value. Other than the impairment recorded upon recognition of the PGW glass manufacturing business net assets as held for sale as discussed in Note 3, "Discontinued Operations ," there were no material adjustments to the carrying value of long-lived assets during the years ended December 31, 2017 , 2016 or 2015 .

Investments in Unconsolidated Subsidiaries

Our investment in unconsolidated subsidiaries was $208 million and $183 million as of December 31, 2017 and 2016, respectively. On December 1, 2016, we acquired a 26.5% equity interest in Mekonomen AB ("Mekonomen") from AxMeko AB, an affiliate of Axel Johnson AB, for an aggregate purchase price of $181 million . Headquartered in Stockholm, Sweden, Mekonomen is the leading independent car parts and service chain in the Nordic region of Europe, offering a range of products including spare parts and accessories for cars, and workshop services for consumers and businesses. We are accounting for our interest in Mekonomen using the equity method of accounting, as our investment gives us the ability to exercise significant influence, but not control, over the investee. As of December 31, 2017, the book value of our investment in Mekonomen exceeded our share of the book value of Mekonomen's net assets by $127 million ; this difference is primarily related to goodwill and the fair value of other intangible assets. We are reporting our equity in the net earnings of Mekonomen on a one quarter lag, and therefore we recorded no equity in earnings for this investment in 2016. For the year ended December 31, 2017, we recorded equity in earnings totaling $7 million related to our investment in Mekonomen, which represents our share of the results from the investment date through September 30, 2017, including adjustments to convert the results to GAAP and to recognize the impact of our purchase accounting adjustments. In May 2017, we received a cash dividend of $7 million (SEK 67 million) related to our investment in Mekonomen. The Level 1 fair value of our equity investment in the publicly traded Mekonomen common stock at December 31, 2017 was $173 million compared to a carrying value of $202 million . We evaluated our investment in Mekonomen for other-than-temporary impairment and concluded the decline in investment value is temporary.

Warranty Reserve

Some of our salvage mechanical products are sold with a standard six month warranty against defects. Additionally, some of our remanufactured engines are sold with a standard three year warranty against defects. We also provide a limited lifetime warranty for certain of our aftermarket products. We record the estimated warranty costs at the time of sale using historical warranty claim information to project future warranty claims activity. Our warranty reserve is recorded within Other accrued expenses and Other noncurrent liabilities on our Consolidated Balance Sheets based on the expected timing of the related payments.

The changes in the warranty reserve are as follows (in thousands):

Balance as of January 1, 2016	$	17,363
Warranty expense		32,096
Warranty claims		(29,825)
Balance as of December 31, 2016	$	19,634
Warranty expense		38,608
Warranty claims		(35,091)
Balance as of December 31, 2017	$	23,151

Self-Insurance Reserves

We self-insure a portion of employee medical benefits under the terms of our employee health insurance program. We purchase certain stop-loss insurance to limit our liability exposure. We also self-insure a portion of our property and casualty risk, which includes automobile liability, general liability, directors and officers liability, workers' compensation, and property coverage, under deductible insurance programs. The insurance premium costs are expensed over the contract periods. A reserve for liabilities associated with these losses is established for claims filed and claims incurred but not yet reported based upon our estimate of ultimate cost, which is calculated using analysis of historical data. We monitor new claims and claim development as well as trends related to the claims incurred but not reported in order to assess the adequacy of our insurance reserves. Total self-insurance reserves were $94 million and $84 million , of which $43 million and $40 million was classified as current, as of December 31, 2017 and 2016 , respectively, and are classified as Other accrued expenses in the Consolidated Balance Sheets. The remaining balances of self-insurance reserves are classified as Other noncurrent liabilities, which reflects management's estimates of when claims will be paid. We had outstanding letters of credit of $71 million and $70 million at December 31, 2017 and 2016 , respectively, to guarantee self-insurance claims payments. While we do not expect the amounts ultimately paid to differ significantly from our estimates, our insurance reserves and corresponding expenses could be affected if future claims experience differs significantly from historical trends and assumptions.

Income Taxes

Current income taxes are provided on income reported for financial reporting purposes, adjusted for transactions that do not enter into the computation of income taxes payable in the same year. Deferred income taxes have been provided to show the effect of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before we are able to realize their benefit or that future deductibility is uncertain. Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested.

We recognize the benefits of uncertain tax positions taken or expected to be taken in tax returns in the provision for income taxes only for those positions that are more likely than not to be realized. We follow a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. Our policy is to include interest and penalties associated with income tax obligations in income tax expense.

During 2017, new tax legislation was signed into law making significant changes to the Internal Revenue Code. See Note 13, "Income Taxes" for further information regarding the new tax law.

Rental Expense

We recognize rental expense on a straight-line basis over the respective lease terms, including reasonably assured renewal periods, for all of our operating leases.

Foreign Currency Translation

For most of our foreign operations, the local currency is the functional currency. Assets and liabilities are translated into U.S. dollars at the period-ending exchange rate. Statements of Income amounts are translated to U.S. dollars using monthly average exchange rates during the period. Translation gains and losses are reported as a component of Accumulated other comprehensive income (loss) in stockholders' equity.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In July 2015, the FASB issued Accounting Standards Update 2015-11, "Simplifying the Measurement of Inventory" ("ASU 2015-11"), which requires entities to measure inventory at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. We adopted ASU 2015-11 during the first quarter of 2017 on a prospective basis. Effective January 1, 2017, we are recording our inventory at the lower of cost or net realizable value, including application of the concept in determining our inventory reserves, in accordance with ASU 2015-11. The adoption of ASU 2015-11 did not have a material impact on our recorded inventory value.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, "Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which simplifies the accounting for goodwill impairment by eliminating step 2 from the goodwill impairment test. Under the new guidance, if the carrying value of a reporting unit exceeds the fair value, an impairment loss will be recognized for the amount of that excess, limited to the goodwill allocated to that reporting unit. ASU 2017-04 is effective for fiscal years and any interim impairment tests for periods beginning after December 15, 2019; early adoption is permitted for entities with annual and interim impairment tests occurring after January 1, 2017. We early adopted for the quarter ended June 30, 2017 in order for the guidance to be effective for our annual impairment test performed in the fourth quarter of 2017. Based on the results of our annual impairment test performed during the fourth quarter, the adoption of this standard did not have a material effect on our consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update No. 2017-09, "Scope of Modification Accounting" ("ASU 2017-09"), which provides guidance on changes to share based payment awards requiring application of modification accounting under FASB Accounting Standards Codification Topic 718, "Compensation - Stock Compensation." Under ASU 2017-09, modification accounting for awards will not be required if the fair value, vesting conditions, and classifications of awards both prior to and after the modification are the same. ASU 2017-09 is effective for fiscal years and interim periods beginning after December 15, 2017; early adoption is permitted with amendments resulting from ASU 2017-09 applied prospectively to awards modified after the effective date. We early adopted for the quarter ended June 30, 2017; the adoption of ASU 2017-09 did not have a material impact on our consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). This update outlines a new comprehensive revenue recognition model that supersedes most current revenue recognition guidance and requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB has issued several updates to ASU 2014-09. ASU 2014-09 will be effective for the Company during the first quarter of our fiscal year 2018. Entities adopting the standard have the option of using either a full retrospective or modified retrospective approach in the application of this guidance. We will be adopting the standard using the modified retrospective approach, with a cumulative effect adjustment recognized in the opening balance of retained earnings in the first quarter of fiscal 2018. As the majority of our revenue transactions generally consist of single performance obligations to transfer promised goods or services, no adjustments were identified related to the majority of our revenue streams. However, we have determined that we will change the presentation of the returns reserves on the balance sheet and the related reserve adjustments on the income statement. A refund liability will be presented on a gross basis as a current liability and a return asset will be presented separately in prepaid expenses and other current assets. The gross amount of changes to the refund liability will be presented as a reduction to revenue and a corresponding reduction to cost of goods sold will be presented for changes in the return asset. If we had presented the 2017 returns reserves on the balance sheet on a gross basis, accounts receivable, prepaid expenses and other current assets, and current liabilities would have increased by $38 million , $45 million , and $83 million , respectively. The impact to the income statement of presenting the changes to the returns reserve on a gross basis is immaterial. We do not expect to record a cumulative effect adjustment to the opening balance of retained earnings, as we do not expect there to be a net impact to the income statement as a result of adoption.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”), which changes how entities will recognize, measure, present and make disclosures about certain financial assets and financial liabilities. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017; early adoption is permitted. The guidance requires adoption on a prospective basis. We do not expect adoption of ASU 2016-01 to have a significant impact on our financial position, results of operations, cash flows or disclosures.

In February 2016, the FASB issued Accounting Standards Update 2016-02, "Leases" ("ASU 2016-02"), to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The main difference between current GAAP and ASU 2016-02 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The standard requires that entities apply the effects of these changes using a modified retrospective approach, which includes a number of optional practical expedients. While we are still in the process of quantifying the impact that the adoption of ASU 2016-02 will have on our consolidated financial statements and related disclosures, we anticipate the adoption will materially affect our consolidated balance sheet and disclosures, as the majority of our operating leases will be recorded on the balance sheet under ASU 2016-02. While we do not anticipate the adoption of this accounting standard to have a material impact on our consolidated statements of income at this time, this conclusion may change as we finalize our assessment. In order to assist in our timely implementation of the new standard, we have purchased new software to track our leases. We have engaged a third party to assist with the implementation of the new software with an expectation to complete the implementation by the end of 2018.

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"), to add and clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows. ASU 2016-15 includes guidance on classification for the following items: debt prepayment or debt extinguishment costs, settlement of zero coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims and corporate-owned or bank-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and other separately identifiable cash flows where application of the predominance principle is prescribed. ASU 2016-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017; early adoption is permitted. The guidance requires retrospective application to all periods presented unless it is impracticable to do so. Based on our evaluation of the guidance, we do not expect a material change to our consolidated statement of cash flows upon adoption in the first quarter of our fiscal year 2018.

In August 2017, the FASB issued Accounting Standards Update No. 2017-12, "Targeted Improvements to Accounting for Hedging Activities" ("ASU 2017-12"), which amends the hedge accounting recognition and presentation requirements in ASC 815 ("Derivatives and Hedging"). ASU 2017-12 significantly alters the hedge accounting model by making it easier for an entity to achieve and maintain hedge accounting and provides for accounting that better reflects an entity's risk management activities. ASU 2017-12 is effective for fiscal years and interim periods beginning after December 15, 2018; early adoption is permitted. Entities will adopt the provisions of ASU 2017-12 by applying a modified retrospective approach to existing

hedging relationships as of the adoption date. At this time, we are still evaluating the impact of this standard on our financial statements.

In February 2018, the FASB issued Accounting Standards Update No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ("ASU 2018-12"), which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act. In addition, under ASU 2018-12, an entity will be required to provide certain disclosures regarding stranded tax effects. ASU 2018-02 is effective for fiscal years and interim periods beginning after December 15, 2018; early adoption is permitted. The amendments in this update should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act is recognized. At this time, we are still evaluating the impact of this standard on our financial statements.

Note 5. Restructuring and Acquisition Related Expenses

Acquisition Related Expenses

Acquisition related expenses, which include external costs such as legal, accounting and advisory fees, totaled $15 million , $22 million , and $6 million for the years ended December 31, 2017 , 2016 and 2015 , respectively. Acquisition related expenses for the year ended December 31, 2017 included $5 million of costs for our acquisition of Andrew Page, primarily related to legal and other professional fees associated with the CMA review. The remaining acquisition related costs for the year ended December 31, 2017 consisted of external costs for (i) completed acquisitions, (ii) pending acquisitions as of December 31, 2017, including $4 million related to Stahlgruber, and (iii) potential acquisitions that were terminated.

Acquisition related expenses for 2016 included $11 million related to our Rhiag acquisition, $4 million related to our acquisition of PGW, and $7 million related to other completed acquisitions and acquisitions that were pending as of December 31, 2016.

Acquisition related expenses for 2015 included $ 2 million related to our Rhiag acquisition, $ 2 million related to our acquisitions of eleven aftermarket parts distribution businesses in the Netherlands, $ 1 million related to our acquisition of Coast, and $ 1 million related to other completed acquisitions and acquisitions that were pending as of December 31, 2015.

Acquisition Integration Plans and Restructuring

During the year ended December 31, 2017, we incurred $5 million of restructuring expenses. Expenses incurred during the year ended December 31, 2017 were primarily a result of our ongoing integration activities in our North America and Specialty segments. Expenses incurred were primarily related to facility closure and the merger of existing facilities into larger distribution centers.

During the year ended December 31, 2016, we incurred $16 million of restructuring expenses. Of this amount, $10 million was related to integration activities in our Specialty segment, primarily a result of the integration of our Coast acquisition into our existing Specialty business. Expenses incurred were primarily related to facility closure and relocation costs for duplicate facilities, the merger of existing facilities into larger distribution centers, and the termination of employees. We also incurred $3 million and $2 million of restructuring expenses, including primarily facility rationalization activities, related to our North America and Europe acquisitions, respectively.

During the year ended December 31, 2015, we incurred $13 million of restructuring expenses. Expenses incurred were primarily a result of the integration of our Coast acquisition and our October 2014 acquisition of a supplier of parts for recreational vehicles into our Specialty business and the integration of our acquisition of Parts Channel into our existing North America wholesale business. These integration activities included the closure of duplicate facilities, termination of employees in connection with the consolidation of overlapping facilities with our existing business, and moving expenses.

We expect to incur additional expenses related to the integration of certain of our acquisitions into our existing operations in 2018. These integration activities are expected to include the closure of duplicate facilities, rationalization of personnel in connection with the consolidation of overlapping facilities with our existing business, and moving expenses. Future expenses to complete these integration plans are expected to be less than $15 million .

Note 6. Stock-Based Compensation

In order to attract and retain employees, non-employee directors, consultants, and other persons associated with us, we may grant qualified and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance shares and performance units under the LKQ Corporation 1998 Equity Incentive Plan (the "Equity Incentive Plan"). The total number of shares approved by our stockholders for issuance under the Equity Incentive Plan is 70 million shares, subject to antidilution and other adjustment provisions. We have granted RSUs, stock options, and restricted stock under the Equity Incentive Plan. Of the shares approved by our stockholders for issuance under the Equity Incentive Plan, 12 million shares remained available for issuance as of December 31, 2017 . We expect to issue new shares of common stock to cover past and future equity grants.

RSUs

RSUs vest over periods of up to five years, subject to a continued service condition. Currently outstanding RSUs contain either a time-based vesting condition or a combination of a performance-based vesting condition and a time-based vesting condition, in which case, both conditions must be met before any RSUs vest. For most of the RSUs containing a performance-based vesting condition, the Company must report positive diluted earnings per share, subject to certain adjustments, during any fiscal year period within five years following the grant date; we have an immaterial amount of RSUs containing other performance-based vesting conditions. Each RSU converts into one share of LKQ common stock on the applicable vesting date. The grant date fair value of RSUs is based on the market price of LKQ stock on the grant date.

The Compensation Committee approved the grant of 235,537 ; 261,851 ; and 215,076 RSUs to our executive officers that include both a performance-based vesting condition and a time-based vesting condition in 2017 , 2016 , and 2015 , respectively. The performance-based vesting conditions for the 2017 , 2016 , and 2015 grants to our executive officers have been satisfied.

The fair value of RSUs that vested during the years ended December 31, 2017 , 2016 and 2015 was $28 million , $29 million and $28 million , respectively.

In January 2018, our Board of Directors granted 556,160 RSUs to employees (including executive officers).

The following table summarizes activity related to our RSUs under the Equity Incentive Plan for the year ended December 31, 2017:

	Number Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands) (1)
Unvested as of January 1, 2017	1,873,737	$ 27.58		
Granted	809,708	$ 32.15		
Vested	(883,844)	$ 26.80		
Forfeited / Canceled	(175,211)	$ 30.81		
Unvested as of December 31, 2017	1,624,390	$ 29.94		
Expected to vest after December 31, 2017	1,523,973	$ 29.89	2.6	$ 61,980

(1) The aggregate intrinsic value of expected to vest RSUs represents the total pretax intrinsic value (the fair value of the Company's stock on the last day of each period multiplied by the number of units) that would have been received by the holders had all RSUs vested. This amount changes based on the market price of the Company's common stock.

Stock Options

Stock options vest over periods of up to five years, subject to a continued service condition. Stock options expire either six or ten years from the date they are granted. No options were granted during 2017 . The total grant-date fair value of options that vested during each of the years ended December 31, 2017 and 2015 was $1 million ; no options vested during the year ended December 31, 2016 .

The following table summarizes activity related to our stock options under the Equity Incentive Plan for the year ended December 31, 2017:

	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands) (1)
Balance as of January 1, 2017	2,623,217	$ 9.19		
Exercised	(866,799)	$ 8.83		$ 20,967
Forfeited / Canceled	(18,345)	$ 25.26		
Balance as of December 31, 2017	1,738,073	$ 9.20	1.5	$ 54,693
Exercisable as of December 31, 2017	1,738,073	$ 9.20	1.5	$ 54,693
Exercisable as of December 31, 2017 and expected to vest thereafter	1,738,073	$ 9.20	1.5	$ 54,693

(1) The aggregate intrinsic value of outstanding, exercisable and expected to vest options represents the total pretax intrinsic value (the difference between the fair value of the Company's stock on the last day of each period and the exercise price, multiplied by the number of options where the fair value exceeds the exercise price) that would have been received by the option holders had all option holders exercised their options as of the last day of the period indicated. This amount changes based on the market price of the Company's common stock. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2016 and 2015 was $28 million and $32 million , respectively.

Stock-Based Compensation Expense

For the RSUs that contain both a performance-based vesting condition and a time-based vesting condition, we recognize compensation expense under the accelerated attribution method, pursuant to which expense is recognized over the requisite service period for each separate vesting tranche of the award. During the years ended December 31, 2017 , 2016 , and 2015 , we recognized $ 7 million , $7 million , and $8 million , respectively, of stock based compensation expense related to the RSUs containing a performance-based vesting condition. For all other awards, which are subject to only a time-based vesting condition, we recognize compensation expense on a straight-line basis over the requisite service period of the entire award. Forfeitures are recorded as they occur.

The components of pre-tax stock-based compensation expense for our continuing operations are as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
RSUs	$ 22,826	$ 22,183	$ 21,058
Stock options and other	6	162	278
Total stock-based compensation expense	$ 22,832	$ 22,345	$ 21,336

The following table sets forth the classification of total stock-based compensation expense included in our Consolidated Statements of Income for our continuing operations (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Cost of goods sold	$ 434	$ 407	$ 358
Facility and warehouse expenses	3,338	3,980	2,271
Selling, general and administrative expenses	19,060	17,958	18,707
Total stock-based compensation expense	22,832	22,345	21,336
Income tax benefit	(5,459)	(8,268)	(8,221)
Total stock-based compensation expense, net of tax	$ 17,373	$ 14,077	$ 13,115

We have not capitalized any stock-based compensation costs during the years ended December 31, 2017 , 2016 or 2015 .

As of December 31, 2017 , unrecognized compensation expense related to unvested RSUs is expected to be recognized as follows (in thousands):

	RSUs
2018	$ 14,641
2019	9,232
2020	6,020
2021	3,249
2022	345
Total unrecognized compensation expense	$ 33,487

Stock-based compensation expense related to these awards will be different to the extent that forfeitures are realized.

Note 7. Earnings Per Share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share incorporate the incremental shares issuable upon the assumed exercise of stock options and the assumed vesting of RSUs. Certain of our RSUs and stock options were excluded from the calculation of diluted earnings per share because they were antidilutive, but these equity instruments could be dilutive in the future.

The following chart sets forth the computation of earnings per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2017	2016	2015
Income from continuing operations	$ 536,974	$ 456,123	$ 423,223
Denominator for basic earnings per share—Weighted-average shares outstanding	308,607	306,897	304,722
Effect of dilutive securities:			
RSUs	544	689	667
Stock options	1,498	2,198	2,107
Denominator for diluted earnings per share—Adjusted weighted-average shares outstanding	310,649	309,784	307,496
Basic earnings per share from continuing operations	$ 1.74	$ 1.49	$ 1.39
Diluted earnings per share from continuing operations	$ 1.73	$ 1.47	$ 1.38

The following table sets forth the number of employee stock-based compensation awards outstanding but not included in the computation of diluted earnings per share because their effect would have been antidilutive for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Antidilutive securities:			
RSUs	37	57	230
Stock options	39	63	96

Note 8. Accumulated Other Comprehensive Income (Loss)

The components of Accumulated Other Comprehensive Income (Loss) are as follows (in thousands):

	Foreign Currency Translation	Unrealized (Loss) Gain on Cash Flow Hedges	Unrealized (Loss) Gain on Pension Plans	Other Comprehensive Loss from Unconsolidated Subsidiaries	Accumulated Other Comprehensive (Loss) Income
Balance at January 1, 2015	$ (27,073)	$ (3,401)	$ (9,751)	$ —	$ (40,225)
Pretax (loss) income	(69,817)	(1,664)	2,245	—	(69,236)
Income tax effect	—	538	(561)	—	(23)
Reclassification of unrealized loss	—	5,366	559	—	5,925
Reclassification of deferred income taxes	—	(1,771)	(140)	—	(1,911)
Balance at December 31, 2015	$ (96,890)	$ (932)	$ (7,648)	$ —	$ (105,470)
Pretax (loss) income	(175,639)	12,382	7,175	—	(156,082)
Income tax effect	—	(4,581)	(2,636)	—	(7,217)
Reclassification of unrealized loss	—	1,789	496	—	2,285
Reclassification of deferred income taxes	—	(567)	(124)	—	(691)
Balance at December 31, 2016	$ (272,529)	$ 8,091	$ (2,737)	$ —	$ (267,175)
Pretax income (loss)	206,451	(44,550)	361	—	162,262
Income tax effect	(7,366)	16,390	(100)	—	8,924
Reclassification of unrealized loss (gain)	—	50,090	(3,519)	—	46,571
Reclassification of deferred income taxes	—	(18,483)	659	—	(17,824)
Disposal of business, net	1,511	—	(3,436)	—	(1,925)
Other comprehensive loss of unconsolidated subsidiaries	—	—	—	(1,309)	(1,309)
Balance at December 31, 2017	$ (71,933)	$ 11,538	$ (8,772)	$ (1,309)	$ (70,476)

Net unrealized losses on our interest rate swaps totaling $2 million , $4 million and $5 million were reclassified to Interest expense in our Consolidated Statements of Income during each of the years ended December 31, 2017 , 2016 and 2015, respectively. In 2017, we also reclassified gains of $9 million to Interest expense related to our cross currency swaps. Also related to our cross currency swaps, we reclassified losses of $57 million and gains of $2 million to Interest and other income, net in our Consolidated Statements of Income during the years ended December 31, 2017 and 2016, respectively; these gains and losses offset the impact of the remeasurement of the underlying contracts. The deferred income taxes related to our cash flow hedges were reclassified from Accumulated other comprehensive income (loss) to provision for income taxes.

Note 9. Long-Term Obligations

Long-term obligations consist of the following (in thousands):

	December 31,	
	2017	2016
Senior secured credit agreement:		
Term loans payable	$ 704,800	$ 732,684
Revolving credit facilities	1,283,551	1,358,220
U.S. Notes (2023)	600,000	600,000
Euro Notes (2024)	600,150	525,850
Receivables securitization facility	100,000	100,000
Notes payable through October 2025 at weighted average interest rates of 1.4% and 2.1%, respectively	29,146	11,808
Other long-term debt at weighted average interest rates of 1.7% and 2.4%, respectively	110,633	37,125
Total debt	3,428,280	3,365,687
Less: long-term debt issuance costs	(21,476)	(21,611)
Less: current debt issuance costs	(2,824)	(2,305)
Total debt, net of debt issuance costs	3,403,980	3,341,771
Less: current maturities, net of debt issuance costs	(126,360)	(66,109)
Long term debt, net of debt issuance costs	$ 3,277,620	$ 3,275,662

The scheduled maturities of long-term obligations outstanding at December 31, 2017 are as follows (in thousands):

2018	$ 129,184
2019	146,262

2020	40,087
2021	38,033
2022	36,769
Thereafter	3,037,945
Total debt [1]	$ 3,428,280

(1) The total debt amounts presented above exclude debt issuance costs totaling $24 million as of December 31, 2017.

Senior Secured Credit Agreement

On December 1, 2017, LKQ Corporation, LKQ Delaware LLP, and certain other subsidiaries (collectively, the "Borrowers") entered into Amendment No. 2 to the Fourth Amended and Restated Credit Agreement ("Credit Agreement"), which amended the Fourth Amended and Restated Credit Agreement dated January 29, 2016 by modifying certain terms to (1) extend the maturity date by approximately two years to January 29, 2023; (2) increase the total availability under the revolving credit facility's multicurrency component from $2.45 billion to $2.75 billion ; (3) increase the permitted net leverage ratio thresholds, including a temporary step-up in the allowable net leverage ratio in the case of permitted acquisitions; (4) modify the applicable margins and fees in the pricing grid; (5) increase the ability of LKQ and its subsidiaries to incur additional indebtedness; and (6) make other immaterial or clarifying modifications and amendments. The increase in the revolving credit facility's multicurrency component of $300 million will be used for general corporate purposes.

Amounts under the revolving credit facility are due and payable upon maturity of the Credit Agreement on January 29, 2023. Term loan borrowings, which totaled $705 million as of December 31, 2017, are due and payable in quarterly installments equal to $4 million on the last day of each fiscal quarter ending on or after March 31, 2018 and prior to March 31, 2019 and $9 million on the last day of each fiscal quarter ending on or after March 31, 2019, with the remaining balance due and payable on January 29, 2023.

We are required to prepay the term loan by amounts equal to proceeds from the sale or disposition of certain assets if the proceeds are not reinvested within twelve months. We also have the option to prepay outstanding amounts under the Credit Agreement without penalty.

The Credit Agreement contains customary representations and warranties and customary covenants that provide limitations and conditions on our ability to enter into certain transactions. The Credit Agreement also contains financial and affirmative covenants, including limitations on our net leverage ratio and a minimum interest coverage ratio.

Borrowings under the Credit Agreement bear interest at variable rates, which depend on the currency and duration of the borrowing elected, plus an applicable margin. The applicable margin is subject to change in increments of 0.25% depending on our net leverage ratio. Interest payments are due on the last day of the selected interest period or quarterly in arrears depending on the type of borrowing. Including the effect of the interest rate swap agreements described in Note 10, "Derivative Instruments and Hedging Activities ," the weighted average interest rates on borrowings outstanding under the Credit Agreement at December 31, 2017 and 2016 were 2.2% and 2.0% , respectively. We also pay a commitment fee based on the average daily unused amount of the revolving credit facilities. The commitment fee is subject to change in increments of 0.025% and 0.05% depending on our net leverage ratio. In addition, we pay a participation commission on outstanding letters of credit at an applicable rate based on our net leverage ratio, and a fronting fee of 0.125% to the issuing bank, which are due quarterly in arrears.

Of the total borrowings outstanding under the Credit Agreement, $18 million and $37 million were classified as current maturities at December 31, 2017 and 2016 , respectively. As of December 31, 2017 , there were letters of credit outstanding in the aggregate amount of $71 million . The amounts available under the revolving credit facilities are reduced by the amounts outstanding under letters of credit, and thus availability under the revolving credit facilities at December 31, 2017 was $1.4 billion .

Related to the execution of Amendment No. 2 to the Fourth Amended and Restated Credit Agreement in December 2017, we incurred $4 million of fees, the majority of which were capitalized as an offset to Long-Term Obligations and are amortized over the term of the agreement. The amount recorded as a loss on debt extinguishment in the Consolidated Statement of Income for the year ended December 31, 2017 was primarily related to the write-off of capitalized debt issuance costs related to our Third Amended and Restated Credit Agreement.

U.S. Notes (2023)

In 2013, we issued $600 million aggregate principal amount of 4.75% senior notes due 2023 (the "U.S. Notes (2023)"). The U.S. Notes (2023) are governed by the Indenture dated as of May 9, 2013 among LKQ Corporation, certain of our subsidiaries (the "Guarantors") and U.S. Bank National Association, as trustee. The U.S. Notes (2023) are registered under the Securities Act of 1933.

The U.S. Notes (2023) bear interest at a rate of 4.75% per year from the most recent payment date on which interest has been paid or provided for. Interest on the U.S. Notes (2023) is payable in arrears on May 15 and November 15 of each year. The U.S. Notes (2023) are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The U.S. Notes (2023) and the guarantees are, respectively, LKQ Corporation's and each Guarantor's senior unsecured obligations and are subordinated to all of the Guarantors' existing and future secured debt to the extent of the assets securing that secured debt. In addition, the U.S. Notes (2023) are effectively subordinated to all of the liabilities of our subsidiaries that are not guaranteeing the U.S. Notes (2023) to the extent of the assets of those subsidiaries.

Repayment of Rhiag Acquired Debt and Debt Related Liabilities

On March 24, 2016, LKQ Netherlands B.V., a wholly-owned subsidiary of LKQ Corporation, borrowed €508 million under our multi-currency revolving credit facility to repay the debt and debt related liabilities assumed as part of our acquisition of Rhiag. The borrowed funds were passed through an intercompany note to Rhiag and then were used to pay (i) $520 million (€465 million) for the principal of Rhiag senior note debt assumed with the acquisition, (ii) accrued interest of $8 million (€7 million) on the notes, (iii) the call premium of $24 million (€21 million) associated with early redemption of the notes and (iv) $5 million (€4 million) to terminate Rhiag's outstanding interest rate swap related to the floating rate portion of the notes. The call premium is recorded as a loss on debt extinguishment in the Consolidated Statements of Income.

Euro Notes (2024)

On April 14, 2016, LKQ Italia Bondco S.p.A. ("LKQ Italia"), an indirect, wholly-owned subsidiary of LKQ Corporation, completed an offering of €500 million aggregate principal amount of senior notes due April 1, 2024 (the "Euro Notes (2024)") in a private placement conducted pursuant to Regulation S and Rule 144A under the Securities Act of 1933. The proceeds from the offering were used to repay a portion of the revolver borrowings under the Credit Agreement and to pay

related fees and expenses. The Euro Notes (2024) are governed by the Indenture dated as of April 14, 2016 (the "Indenture") among the LKQ Italia, LKQ Corporation and certain of our subsidiaries (the "Euro Notes (2024) Subsidiaries"), the trustee, and the paying agent, transfer agent, and registrar.

The Euro Notes (2024) bear interest at a rate of 3.875% per year from the date of original issuance or from the most recent payment date on which interest has been paid or provided for. Interest on the Euro Notes (2024) is payable in arrears on April 1 and October 1 of each year. The Euro Notes (2024) are fully and unconditionally guaranteed by LKQ Corporation and the Euro Notes (2024) Subsidiaries (the "Euro Notes (2024) Guarantors").

The Euro Notes (2024) and the guarantees are, respectively, the LKQ Italia's and each Euro Notes (2024) Guarantor's senior unsecured obligations and are subordinated to all of the LKQ Italia's and the Euro Notes (2024) Guarantors' existing and future secured debt to the extent of the assets securing that secured debt. In addition, the Euro Notes (2024) are effectively subordinated to all of the liabilities of our subsidiaries that are not guaranteeing the Euro Notes (2024) to the extent of the assets of those subsidiaries. The Euro Notes (2024) have been listed on the ExtraMOT, Professional Segment of the Borsa Italia S.p.A. securities exchange and the Global Exchange Market of the Irish Stock Exchange.

Related to the execution of the Euro Notes (2024) in April 2016, we incurred $10 million of fees which were capitalized as an offset to Long-Term Obligations and are amortized over the term of the Euro Notes (2024).

Restricted Payments

Our senior secured credit agreement and our senior notes indentures contain limitations on payment of cash dividends or other distributions of assets. Based on limitations in effect under our senior secured credit agreement and senior notes indentures, the maximum amount of dividends we could pay as of December 31, 2017 was approximately $1.4 billion . The limit on the payment of dividends is calculated using historical financial information and will change from period to period.

Receivables Securitization Facility

On November 29, 2016, we amended the terms of our receivables securitization facility with The Bank of Tokyo-Mitsubishi UFJ, LTD. ("BTMU") to: (i) extend the term of the facility to November 8, 2019; (ii) increase the maximum amount available to $100 million ; and (iii) make other clarifying and updating changes. Under the facility, LKQ sells an ownership interest in certain receivables, related collections and security interests to BTMU for the benefit of conduit investors and/or financial institutions for cash proceeds. Upon payment of the receivables by customers, rather than remitting to BTMU the amounts collected, LKQ retains such collections as proceeds for the sale of new receivables generated by certain of the ongoing operations of the Company.

The sale of the ownership interest in the receivables is accounted for as a secured borrowing in our Consolidated Balance Sheets, under which the receivables included in the program collateralize the amounts invested by BTMU, the conduit investors and/or financial institutions (the "Purchasers"). The receivables are held by LKQ Receivables Finance Company, LLC ("LRFC"), a wholly owned bankruptcy-remote special purpose subsidiary of LKQ, and therefore, the receivables are available first to satisfy the creditors of LRFC, including the Purchasers. As of December 31, 2017 and 2016 , $144 million and $140 million , respectively, of net receivables were collateral for the investment under the receivables facility.

Under the receivables facility, we pay variable interest rates plus a margin on the outstanding amounts invested by the Purchasers. The variable rates are based on (i) commercial paper rates, (ii) the LIBOR, or (iii) base rates, and are payable monthly in arrears. The commercial paper rate is the applicable variable rate unless conduit investors are not available to invest in the receivables at commercial paper rates. In such case, financial institutions will invest at the LIBOR rate or at base rates. We also pay a commitment fee on the excess of the investment maximum over the average daily outstanding investment, payable monthly in arrears. As of December 31, 2017 , the interest rate under the receivables facility was based on commercial paper rates and was 2.3% . The outstanding balances of $100 million as of both December 31, 2017 and 2016, were classified as long-term on the Consolidated Balance Sheets because we have the ability and intent to refinance these borrowings on a long-term basis.

Note 10. Derivative Instruments and Hedging Activities

We are exposed to market risks, including the effect of changes in interest rates, foreign currency exchange rates and commodity prices. Under our current policies, we use derivatives to manage our exposure to variable interest rates on our senior secured debt and changing foreign exchange rates for certain foreign currency denominated transactions. We do not hold or issue derivatives for trading purposes.

Cash Flow Hedges

We hold interest rate swap agreements to hedge a portion of the variable interest rate risk on our variable rate borrowings under our Credit Agreement, with the objective of minimizing the impact of interest rate fluctuations and stabilizing cash flows. Under the terms of the interest rate swap agreements, we pay the fixed interest rate and receive payment at a variable rate of interest based on LIBOR for the respective currency of each interest rate swap agreement's notional amount. The effective portion of changes in the fair value of the interest rate swap agreements is recorded in Accumulated Other Comprehensive (Loss) Income and is reclassified to interest expense when the underlying interest payment has an impact on earnings. The ineffective portion of changes in the fair value of the interest rate swap agreements is reported in interest expense. Our interest rate swap contracts have maturity dates ranging from January to June 2021. As of December 31, 2017 , we held interest rate swap contracts representing $590 million of U.S. dollar-denominated debt.

From time to time, we may hold foreign currency forward contracts related to certain foreign currency denominated intercompany transactions, with the objective of minimizing the impact of fluctuating exchange rates on these future cash flows. Under the terms of the foreign currency forward contracts, we will sell the foreign currency in exchange for U.S. dollars at a fixed rate on the maturity dates of the contracts. The effective portion of the changes in fair value of the foreign currency forward contracts is recorded in Accumulated Other Comprehensive (Loss) Income and reclassified to interest and other income, net when the underlying transaction has an impact on earnings.

In 2016, we entered into three cross currency swap agreements for a total notional amount of $422 million (€400 million). The notional amount steps down by €15 million annually through 2020 with the remainder maturing in January 2021. These cross currency swaps contain an interest rate swap component and a foreign currency forward contract component that, combined with related intercompany financing arrangements, effectively convert variable rate U.S. dollar-denominated borrowings into fixed rate euro-denominated borrowings. The swaps are intended to minimize the impact of fluctuating exchange rates and interest rates on the cash flows resulting from the related intercompany financing arrangements. The effective portion of the changes in the fair value of the derivative instruments is recorded in Accumulated Other Comprehensive (Loss) Income and is reclassified to interest expense and interest and other income, net when the underlying transactions have an impact on earnings.

The following table summarizes the notional amounts and fair values of our designated cash flow hedges as of December 31, 2017 and 2016 (in

thousands):

	Notional Amount		Fair Value at December 31, 2017 (USD)		Fair Value at December 31, 2016 (USD)	
	December 31, 2017	December 31, 2016	Other Assets	Other Noncurrent Liabilities	Other Assets	Other Noncurrent Liabilities
Interest rate swap agreements						
USD denominated	$ 590,000	$ 590,000	$ 19,102	$ —	$ 16,421	$ —
Cross currency swap agreements						
USD/euro	$ 406,546	$ 422,408	5,504	61,492	1,486	3,128
Total cash flow hedges			$ 24,606	$ 61,492	$ 17,907	$ 3,128

While certain derivative instruments executed with the same counterparty are subject to master netting arrangements, we present our cash flow hedge derivative instruments on a gross basis in our Consolidated Balance Sheets. The impact of netting the fair values of these contracts would not have a material effect on our Consolidated Balance Sheets at December 31, 2017 or 2016 .

The activity related to our cash flow hedges is included in Note 8, "Accumulated Other Comprehensive Income (Loss) ." Ineffectiveness related to our cash flow hedges was immaterial to our results of operations during 2017 , 2016 and 2015 . We do not expect future ineffectiveness related to our cash flow hedges to have a material effect on our results of operations.

As of December 31, 2017 , we estimate that less than $1 million of derivative losses (net of tax) included in Accumulated Other Comprehensive Income (Loss) will be reclassified into our Consolidated Statements of Income within the next 12 months.

Other Derivative Instruments

We hold other short-term derivative instruments, including foreign currency forward contracts to manage our exposure to variability related to inventory purchases and intercompany financing transactions denominated in a non-functional currency. We have elected not to apply hedge accounting for these transactions, and therefore the contracts are adjusted to fair value

through our results of operations as of each balance sheet date, which could result in volatility in our earnings. The notional amount and fair value of these contracts at December 31, 2017 and 2016 , along with the effect on our results of operations in 2017 , 2016 and 2015 , were immaterial.

Note 11. Fair Value Measurements

Financial Assets and Liabilities Measured at Fair Value

We use the market and income approaches to value our financial assets and liabilities, and during the year ended December 31, 2017 , there were no significant changes in valuation techniques or inputs related to the financial assets or liabilities that we have historically recorded at fair value. The tiers in the fair value hierarchy include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following tables present information about our financial assets and liabilities measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation inputs we utilized to determine such fair value as of December 31, 2017 and 2016 (in thousands):

	Balance as of December 31, 2017	Fair Value Measurements as of December 31, 2017		
		Level 1	Level 2	Level 3
Assets:				
Cash surrender value of life insurance	$ 45,984	$ —	$ 45,984	$ —
Interest rate swaps	19,102	—	19,102	—
Cross currency swap agreements	5,504	—	5,504	—
Total Assets	$ 70,590	$ —	$ 70,590	$ —
Liabilities:				
Contingent consideration liabilities	$ 2,636	$ —	$ —	$ 2,636
Deferred compensation liabilities	47,199	—	47,199	—
Cross currency swap agreements	61,492	—	61,492	—
Total Liabilities	$ 111,327	$ —	$ 108,691	$ 2,636

	Balance as of December 31, 2016	Fair Value Measurements as of December 31, 2016		
		Level 1	Level 2	Level 3
Assets:				
Cash surrender value of life insurance	$ 36,131	$ —	$ 36,131	$ —
Interest rate swaps	16,421	—	16,421	—
Cross currency swap agreements	1,486	—	1,486	—
Total Assets	$ 54,038	$ —	$ 54,038	$ —
Liabilities:				
Contingent consideration liabilities	$ 3,162	$ —	$ —	$ 3,162
Deferred compensation liabilities	36,865	—	36,865	—
Cross currency swap agreements	3,128	—	3,128	—
Total Liabilities	$ 43,155	$ —	$ 39,993	$ 3,162

The cash surrender value of life insurance is included in Other assets on our Consolidated Balance Sheets. The current portion of deferred compensation is included in Accrued payroll-related liabilities and the current portion of contingent consideration liabilities is included in Other current liabilities on our Consolidated Balance Sheets; the noncurrent portion of these amounts is included in Other noncurrent liabilities on our Consolidated Balance Sheets based on the expected timing of the related payments. The balance sheet classification of the interest rate swaps and foreign currency forward contracts is presented in Note 10, "Derivative Instruments and Hedging Activities ."

Our Level 2 assets and liabilities are valued using inputs from third parties and market observable data. We obtain valuation data for the cash surrender value of life insurance and deferred compensation liabilities from third party sources, which determine the net asset values for our accounts using quoted market prices, investment allocations and reportable trades. We value our derivative instruments using a third party valuation model that performs a discounted cash flow analysis based on

the terms of the contracts and market observable inputs such as current and forward interest rates and current and forward foreign exchange rates.

Our contingent consideration liabilities are related to our business acquisitions. Under the terms of the contingent consideration agreements, payments may be made at specified future dates depending on the performance of the acquired business subsequent to the acquisition. The liabilities for these payments are classified as Level 3 liabilities because the related fair value measurement, which is determined using an income approach, includes significant inputs not observable in the market.

Financial Assets and Liabilities Not Measured at Fair Value

Our debt is reflected on the Consolidated Balance Sheets at cost. Based on market conditions as of December 31, 2017 and 2016 , the fair value of our credit agreement borrowings reasonably approximated the carrying value of $2.0 billion and $2.1 billion , respectively. In addition, based on market conditions, the fair values of the outstanding borrowings under the receivables facility reasonably approximated the carrying values of $100 million at December 31, 2017 and 2016 , respectively. As of December 31, 2017 and 2016 , the fair values of the U.S. Notes (2023) were approximately $615 million and $599 million , respectively, compared to a carrying value of $ 600 million . As of December 31, 2017 and 2016 , the fair values of the Euro Notes (2024) were approximately $658 million and $561 million compared to carrying values of $600 million and $526 million , respectively.

The fair value measurements of the borrowings under our credit agreement and receivables facility are classified as Level 2 within the fair value hierarchy since they are determined based upon significant inputs observable in the market, including interest rates on recent financing transactions with similar terms and maturities. We estimated the fair value by calculating the upfront cash payment a market participant would require at December 31, 2017 to assume these obligations. The fair value of our U.S. Notes (2023) is classified as Level 1 within the fair value hierarchy since it is determined based upon observable market inputs including quoted market prices in an active market. The fair value of our Euro Notes (2024) is determined based upon observable market inputs including quoted market prices in a market that is not active, and therefore is classified as Level 2 within the fair value hierarchy.

Note 12. Commitments and Contingencies

Operating Leases

We are obligated under noncancelable operating leases for corporate office space, warehouse and distribution facilities, trucks and certain equipment.

In the second quarter of 2017, we entered into a lease for office space to be constructed for our field support center in Nashville, Tennessee. The commencement date is scheduled for the fourth quarter of 2018, with a lease term of 17 years and the option to renew and extend the lease for three consecutive renewal terms of five years each. Rent will escalate annually by 1.5% over the prior year's rent. Under the lease, we can exercise an early purchase option after the first year of the lease.

The future minimum lease commitments under these leases at December 31, 2017 are as follows (in thousands):

Years ending December 31:		
2018	$	235,821
2019		192,208
2020		155,314
2021		117,564
2022		93,289
Thereafter		562,869
Future Minimum Lease Payments	$	1,357,065

Rental expense for operating leases was approximately $247 million , $212 million and $168 million during the years ended December 31, 2017 , 2016 and 2015 , respectively.

We guarantee the residual values of the majority of our truck and equipment operating leases. The residual values decline over the lease terms to a defined percentage of original cost. In the event the lessor does not realize the residual value when a piece of equipment is sold, we would be responsible for a portion of the shortfall. Similarly, if the lessor realizes more than the residual value when a piece of equipment is sold, we would be paid the amount realized over the residual value. Had we terminated all of our operating leases subject to these guarantees at December 31, 2017 , our portion of the guaranteed residual value would have totaled approximately $67 million . We have not recorded a liability for the guaranteed residual value of equipment under operating leases as the recovery on disposition of the equipment under the leases is expected to approximate the guaranteed residual value.

Litigation and Related Contingencies

We have certain contingencies resulting from litigation, claims and other commitments and are subject to a variety of environmental and pollution control laws and regulations incident to the ordinary course of business. We currently expect that the resolution of such contingencies will not materially affect our financial position, results of operations or cash flows.

Note 13. Income Taxes

The provision for income taxes consists of the following components (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Current:			
Federal	$ 196,825	$ 159,547	$ 138,432
State	27,149	27,120	25,952
Foreign	58,123	45,545	32,931
	$ 282,097	$ 232,212	$ 197,315
Deferred:			
Federal	$ (37,486)	$ 1,169	$ 22,233
State	4,044	2,131	1,212
Foreign	(13,095)	(14,946)	(1,057)
	$ (46,537)	$ (11,646)	$ 22,388
Provision for income taxes	$ 235,560	$ 220,566	$ 219,703

Income taxes have been based on the following components of income from continuing operations before provision for income taxes (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Domestic	$ 575,148	$ 513,844	$ 478,819
Foreign	191,479	163,437	170,211
	$ 766,627	$ 677,281	$ 649,030

The U.S. federal statutory rate is reconciled to the effective tax rate as follows:

	Year Ended December 31,		
	2017	2016	2015
U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
U.S. federal tax reform - federal deferred tax rate change	(9.5)%	— %	— %
U.S. federal tax reform - transition tax on foreign earnings	6.6 %	— %	— %
State income taxes, net of state credits and federal tax impact	2.8 %	2.7 %	2.9 %
Impact of rates on international operations	(3.2)%	(3.2)%	(4.1)%
Notional interest deductions	(0.9)%	(2.5)%	— %
Excess tax benefits from stock-based compensation (1)	(1.0)%	(1.6)%	— %
Non-deductible expenses	1.1 %	1.3 %	0.8 %
Other, net	(0.2)%	0.9 %	(0.7)%
Effective tax rate	30.7 %	32.6 %	33.9 %

(1) Represents an $8 million and $11 million discrete item in 2017 and 2016, respectively, for excess tax benefits from stock-based payments.

On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act introduced broad and complex changes to U.S. income tax laws that impact us, most notably a reduction of the U.S. statutory corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. Additionally, beginning in 2018 the Tax Act imposes a regime of taxation on foreign subsidiary earnings (Global Intangible Low-Taxed Income, "GILTI") and on certain related party payments (Base Erosion Anti-abuse Tax, "BEAT"). Other important changes potentially material to the Company's operations include the full expensing of certain assets placed into service after September 27, 2017, the repeal of the domestic manufacturing deduction, and additional limitations on the deductibility of executive compensation. Finally, as part of the transition of U.S. international taxation from a worldwide tax system to a territorial tax system, the Tax Act imposes a one-time transition tax on the deemed repatriation of historical earnings of foreign subsidiaries as of December 31, 2017.

On December 22, 2017 the U.S. Securities and Exchange Commission Staff issued Staff Accounting Bulletin 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting required under ASC 740, *Income Taxes* . In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but the company is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements.

Accordingly, we recorded the following provisional estimates of the tax accounting impact of the Tax Act in the consolidated financial statements as of and for the year ended December 31, 2017:

Transition Tax on Foreign Earnings: We recognized a provisional income tax expense of $51 million for the year ended December 31, 2017 related to the one-time transition tax on foreign earnings. The charge is provisional due to the complexity of calculating and supporting such U.S. tax attributes as accumulated foreign earnings and profits, foreign taxes paid, and other components involved in foreign tax credit calculations for a substantial number of prior tax years. Potential adjustments to the provisional amount could be material due to the issuance of regulatory guidance or further legislative action regarding the transition tax, further changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to the estimates we have utilized to calculate the provisional estimate.

Revaluation of Deferred Tax Assets and Liabilities: As a result of the Tax Act reduction in the U.S. federal statutory rate from 35% to 21% , we recorded a provisional decrease to net deferred tax liabilities and a corresponding provisional U.S. federal deferred tax benefit of $73 million . We anticipate that the completion of our 2017 tax returns, as well as anticipated further regulatory guidance and interpretations with respect to the Tax Act, will cause us to further adjust the provisional amounts recorded as of December 31, 2017.

Our accounting for the following elements of the Tax Act is incomplete, and we have not yet been able to make reasonable estimates of the effects of the items described below. Therefore, no provisional amounts have been recorded.

GILTI: Due to the complexity of the new GILTI tax rules, and the absence to date of comprehensive regulatory guidance, we are continuing to evaluate this provision of the Tax Act and the application of ASC 740 to the GILTI regime. We are permitted to make an accounting policy election to treat taxes due on future inclusions in U.S. taxable income related to GILTI either as a current-period expense when incurred or to factor such amounts into our measurement of deferred taxes. We have not yet completed our analysis of the GILTI tax rules and we are not yet able to reasonably estimate the effect of this provision of the Tax Act or make an accounting policy election for the ASC 740 treatment of the GILTI tax. Therefore, we have not recorded any amounts related to potential GILTI tax in our financial statements and have not yet made a policy decision regarding whether to record deferred taxes on GILTI.

Indefinite Reinvestment Assertion: Undistributed earnings of our foreign subsidiaries amounted to approximately $687 million at December 31, 2017. In general, it has been our practice and intention to permanently reinvest the undistributed earnings of our foreign subsidiaries, and that position has not changed following the enactment of the Tax Act and the related imposition of the transition tax. Beginning in 2018, the Tax Act generally provides a 100% participation exemption from further U.S. taxation of dividends received from 10-percent or more owned foreign corporations held by U.S. corporate shareholders. Although future dividend income is now exempt from U.S. federal tax in the hands of the U.S. corporate shareholders, either as a result of the new participation exemption, or due to the previous taxation of such earnings under the transition tax, companies must still apply the guidance of ASC 740 to account for the tax consequences of outside basis differences and other tax impacts of their investments in non-U.S. subsidiaries. While we have now accrued the provisional transition tax on the deemed repatriated earnings that are indefinitely reinvested, it remains impracticable to determine whether there is any further tax liability under the Tax Act for the remaining outside basis differences or to evaluate how the Tax Act will affect our existing accounting position to indefinitely reinvest unremitted foreign earnings. Therefore, we have not included a provisional amount for this item in our financial statements for the year ended December 31, 2017.

We will complete our analysis of the tax accounting impact of the Tax Act within the one-year measurement period. Any adjustments during this measurement period will be included in net earnings from continuing operations as an adjustment to income tax expense in the reporting period in which such adjustments are determined.

The significant components of our deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2017	2016
Deferred Tax Assets:		
Accrued expenses and reserves	$ 40,317	$ 62,059
Qualified and nonqualified retirement plans	19,074	36,626
Inventory	17,886	35,565
Accounts receivable	16,036	19,046
Interest deduction carryforwards	13,845	9,806
Stock-based compensation	4,963	9,687
Net operating loss carryforwards	11,734	7,858
Other	8,971	7,699
	132,826	188,346
Less: valuation allowance	(21,527)	(11,252)
Total deferred tax assets	$ 111,299	$ 177,094
Deferred Tax Liabilities:		
Goodwill and other intangible assets	$ 192,688	$ 222,476
Property, plant and equipment	67,467	72,231
Trade name	72,233	59,002
Other	16,165	19,439
Total deferred tax liabilities	$ 348,553	$ 373,148
Net deferred tax liability	$ (237,254)	$ (196,054)

Deferred tax assets and liabilities are reflected on our Consolidated Balance Sheets as follows (in thousands):

	December 31,	
	2017	2016
Noncurrent deferred tax assets	$ 15,105	$ 3,603
Noncurrent deferred tax liabilities	252,359	199,657

The change in our deferred tax balances as compared to December 31, 2016, was materially impacted by a $73 million reduction in the net U.S. deferred tax liabilities attributable to the U.S. Federal tax rate reduction from 35% to 21% enacted December 22, 2017. Noncurrent deferred tax assets and noncurrent deferred tax liabilities are included in Other Assets and Deferred Income Taxes, respectively, on our Consolidated Balance Sheets.

We had net operating loss carryforwards for federal and certain state tax jurisdictions, the tax benefits of which total approximately $12 million and $8 million at December 31, 2017 and 2016 , respectively. At December 31, 2017 and 2016 , we had foreign, state and local tax credit carryforwards, the tax benefits of which total approximately $2 million . At December 31, 2017 and 2016, we had interest deduction carryforwards in Italy of $14 million and $10 million , respectively. As of December 31, 2017 and 2016 , valuation allowances of $22 million and $11 million , respectively, were recorded for a portion of the deferred tax assets related to net operating loss, tax credit carryforwards and interest deduction carryforwards. The $10 million net increase in valuation allowances was primarily due to a $7 million valuation allowance provided on certain interest deduction carryforwards suspended due to Italy's thin capitalization constraints, and a $3 million increase attributable to acquired foreign net operating loss carryforwards.

The net operating loss carryforwards expire over an indefinite period. Foreign tax credit carryforwards expire over the period from 2018 through 2027, while the state and local tax credits generally have no expiration. The interest deduction carryforwards do not expire. Realization of these deferred tax assets is dependent on the generation of sufficient taxable income prior to the expiration dates, where applicable, or in the case of the interest carryforwards, the compliance with limitations under thin capitalization constraints. Based on historical and projected operating results, we believe that it is more likely than not that earnings will be sufficient to realize the deferred tax assets for which valuation allowances have not been provided. While we expect to realize the deferred tax assets, net of valuation allowances, changes in estimates of future taxable income or in tax laws may alter this expectation.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in thousands):

	2017	2016	2015
Balance at January 1	$ 2,146	$ 2,273	$ 2,630
Additions for acquired tax positions	73	—	80
Additions based on tax positions related to the current year	5	5	302
Reductions for tax positions of prior years	—	—	(743)
Lapse of statutes of limitations	(534)	(132)	(119)
Currency exchange rate fluctuations	—	—	123
Balance at December 31	$ 1,690	$ 2,146	$ 2,273

Included in the balance of unrecognized tax benefits above as of December 31, 2017 , 2016 and 2015 are $1 million of tax benefits that, if recognized, would affect the effective tax rate. The balance of unrecognized tax benefits at December 31, 2017 , 2016 and 2015 include less than $1 million of tax benefits that, if recognized, would result in adjustments to deferred taxes.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits as income tax expense. Attributable to the unrecognized tax benefits noted above, the Company had accumulated interest and penalties of approximately $ 1 million at December 31, 2017, 2016 and 2015. During each of the years ended December 31, 2017 , 2016 , and 2015 , an immaterial amount of interest and penalties were recorded through the income tax provision, prior to any reversals for lapses in the statutes of limitations.

During the twelve months beginning January 1, 2018, it is reasonably possible that we will reduce unrecognized tax benefits by up to approximately $1 million , all of which would impact our effective tax rate, primarily as a result of the expiration of certain statutes of limitations.

The company and/or its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and non-U.S. jurisdictions. With few exceptions, the company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2014. Adjustments from examinations, if any, are not expected to have a material effect on our consolidated financial statements.

Note 14. Segment and Geographic Information

We have four operating segments: Wholesale – North America, Europe, Specialty and Self Service. Our Wholesale – North America and Self Service operating segments are aggregated into one reportable segment, North America, because they possess similar economic characteristics and have common products and services, customers, and methods of distribution. Our reportable segments are organized based on a combination of geographic areas served and type of product lines offered. The reportable segments are managed separately as each business serves different customers (i.e. geographic in the case of North America and Europe and product type in the case of Specialty) and is affected by different economic conditions. Therefore, we present three reportable segments: North America, Europe and Specialty.

The following tables present our financial performance by reportable segment for the periods indicated (in thousands):

	North America [1]	Europe	Specialty [1]	Eliminations	Consolidated
Year Ended December 31, 2017					
Revenue:					
Third Party	$ 4,798,901	$ 3,636,811	$ 1,301,197	$ —	$ 9,736,909
Intersegment	750	—	4,319	(5,069)	—
Total segment revenue	$ 4,799,651	$ 3,636,811	$ 1,305,516	$ (5,069)	$ 9,736,909
Segment EBITDA	$ 655,275	$ 319,156	$ 142,159	$ —	$ 1,116,590
Depreciation and amortization [2]	86,303	120,805	23,095	—	230,203
Year Ended December 31, 2016					
Revenue:					
Third Party	$ 4,443,886	$ 2,920,470	$ 1,219,675	$ —	$ 8,584,031
Intersegment	739	—	4,048	(4,787)	—
Total segment revenue	$ 4,444,625	$ 2,920,470	$ 1,223,723	$ (4,787)	$ 8,584,031
Segment EBITDA	$ 589,945	$ 283,608	$ 131,427	$ —	$ 1,004,980
Depreciation and amortization [2]	80,923	94,979	22,432	—	198,334
Year Ended December 31, 2015					
Revenue:					
Third Party	$ 4,118,286	$ 1,995,385	$ 1,078,962	$ —	$ 7,192,633
Intersegment	835	70	3,334	(4,239)	—
Total segment revenue	$ 4,119,121	$ 1,995,455	$ 1,082,296	$ (4,239)	$ 7,192,633
Segment EBITDA	$ 540,650	$ 200,563	$ 113,316	$ —	$ 854,529
Depreciation and amortization [2]	69,879	36,446	21,867	—	128,192

(1) In the first quarter of 2017, we realigned a portion of our North America operations under our Specialty segment. Prior year results have been recast to reflect the shift in reporting structure in order to present segment results on a comparable basis.

(2) Amounts presented include depreciation and amortization expense recorded within cost of goods sold.

The key measure of segment profit or loss reviewed by our chief operating decision maker, who is our Chief Executive Officer, is Segment EBITDA. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate general and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. We calculate Segment EBITDA as EBITDA excluding restructuring and acquisition related expenses, change in fair value of contingent consideration liabilities, other acquisition related gains and losses and equity in earnings (loss) of unconsolidated subsidiaries. EBITDA, which is the basis for Segment EBITDA, is calculated as net income excluding noncontrolling interest, discontinued operations, depreciation, amortization, interest (which includes loss on debt extinguishment) and income tax expense.

The table below provides a reconciliation of Net Income to Segment EBITDA (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Net income	$ 530,228	$ 463,975	$ 423,223
Less: net loss attributable to noncontrolling interest	(3,516)	—	—
Net income attributable to LKQ stockholders	533,744	463,975	423,223
Subtract:			
Net (loss) income from discontinued operations	(6,746)	7,852	—
Net income from continuing operations attributable to LKQ stockholders	540,490	456,123	423,223
Add:			
Depreciation and amortization	219,546	191,433	122,120
Depreciation and amortization - cost of goods sold	10,657	6,901	6,072
Interest expense, net	100,620	87,682	57,342
Loss on debt extinguishment	456	26,650	—
Provision for income taxes	235,560	220,566	219,703
EBITDA	1,107,329	989,355	828,460
Subtract:			
Equity in earnings (loss) of unconsolidated subsidiaries	5,907	(592)	(6,104)
Gains on foreign exchange contracts - acquisition related (1)	—	18,342	—
Gains on bargain purchases (2)	3,870	8,207	—
Add:			
Restructuring and acquisition related expenses (3)	19,672	37,762	19,511
Inventory step-up adjustment - acquisition related (4)	3,584	3,614	—
Change in fair value of contingent consideration liabilities	(4,218)	206	454
Segment EBITDA	$ 1,116,590	$ 1,004,980	$ 854,529

(1) Reflects gains on foreign currency forwards used to fix the euro purchase price of Rhiag. See Note 2, "Business Combinations ," for further information.

(2) Reflects the gains on bargain purchases related to our acquisitions of Andrew Page and a wholesale business in Europe. See Note 2, "Business Combinations ," for further information.

(3) See Note 5, "Restructuring and Acquisition Related Expenses ," for further information.

(4) Reflects the impact on Cost of Goods Sold of the step-up adjustments to record acquired inventory at its fair value for Warn and PGW autoglass in 2017 and 2016, respectively.

The following table presents capital expenditures by reportable segment (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Capital Expenditures			
North America	$ 95,823	$ 91,618	$ 72,048
Europe	71,494	77,689	79,072
Specialty	8,175	13,611	19,370
Discontinued operations	3,598	24,156	—
Total capital expenditures	$ 179,090	$ 207,074	$ 170,490

The following table presents assets by reportable segment (in thousands):

	December 31,		
	2017	2016 (1)	2015 (1)
Receivables, net			
North America (2)	$ 379,666	$ 351,681	$ 313,670
Europe (2)	555,372	443,281	215,710
Specialty	92,068	65,587	60,780
Total receivables, net	1,027,106	860,549	590,160
Inventories			
North America (2)	1,076,393	915,244	845,805
Europe (2)	964,068	718,729	427,323
Specialty	340,322	301,264	283,424
Total inventories	2,380,783	1,935,237	1,556,552
Property, Plant and Equipment, net			
North America (2)	537,286	505,925	467,685
Europe (2)	293,539	247,910	175,455
Specialty	82,264	57,741	53,427
Total property, plant and equipment, net	913,089	811,576	696,567
Equity Method Investments			
North America	336	336	628
Europe (3)	208,068	183,131	2,127
Total equity method investments	208,404	183,467	2,755
Other unallocated assets	4,837,490	4,512,370	2,801,803
Total assets	$ 9,366,872	$ 8,303,199	$ 5,647,837

(1) In the first quarter of 2017, we realigned a portion of our North America operations under our Specialty segment. Prior year amounts have been recast to reflect the shift in reporting structure.

(2) The increase in assets for our North America and Europe segments from December 31, 2015 to December 31, 2016 primarily relates to the PGW autoglass and Rhiag acquisitions, respectively. See Note 2, "Business Combinations " for further details.

(3) The increase in Europe from December 31, 2015 to December 31, 2016 primarily relates to our investment in Mekonomen as described in Note 4, "Summary of Significant Accounting Policies ."

We report net receivables; inventories; net property , plant and equipment; and equity method investments by segment as that information is used by the chief operating decision maker in assessing segment performance. These assets provide a measure for the operating capital employed in each segment. Unallocated assets include cash, prepaid and other current and noncurrent assets, goodwill, other intangibles, assets of discontinued operations and income taxes.

The majority of our operations are conducted in the U.S. Our European operations are located in the U.K., the Netherlands, Belgium, Italy, Czech Republic, Slovakia and other European countries. Our operations in other countries include recycled and aftermarket operations in Canada, engine remanufacturing and bumper refurbishing operations in Mexico, an aftermarket parts freight consolidation warehouse in Taiwan, and administrative support functions in India. Our net sales are attributed to geographic area based on the location of the selling operation.

The following table sets forth our revenue by geographic area (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Revenue			
United States	$ 5,662,016	$ 5,226,918	$ 4,831,875
United Kingdom	1,548,212	1,390,775	1,382,432
Other countries	2,526,681	1,966,338	978,326
Total revenue	$ 9,736,909	$ 8,584,031	$ 7,192,633

The following table sets forth our tangible long-lived assets by geographic area (in thousands):

	December 31,		
	2017	2016	2015
Long-lived Assets			
United States	$ 583,236	$ 531,425	$ 493,300
United Kingdom	178,021	159,689	138,546
Other countries	151,832	120,462	64,721
Total long-lived assets	$ 913,089	$ 811,576	$ 696,567

The following table sets forth our revenue by product category (in thousands):

	Year Ended December 31,		
	2017	2016 (1)	2015 (1)
Aftermarket and other new products	$ 7,326,049	$ 6,363,706	$ 5,005,587
Recycled, remanufactured and refurbished products and services	1,882,585	1,780,939	1,708,364
Other	528,275	439,386	478,682
Total revenue	$ 9,736,909	$ 8,584,031	$ 7,192,633

(1) In the fourth quarter of 2017, we realigned our product categories to differentiate products based on the source of the product. Prior year amounts have been recast to reflect the shift in reporting structure; Aftermarket and other new products decreased by $77 million and $111 million for the years ended December 31, 2016 and 2015, respectively, with a corresponding increase to recycled, remanufactured and refurbished products and services.

Our North America reportable segment generates revenue from all of our product categories, while our Europe and Specialty segments generate revenue primarily from the sale of aftermarket products. Revenue from other sources includes scrap sales, bulk sales to mechanical remanufacturers (including cores) and sales of aluminum ingots and sows from our furnace operations.

Note 15. Selected Quarterly Data (unaudited)

The following table presents unaudited selected quarterly financial data for the two years ended December 31, 2017 . The operating results for any quarter are not necessarily indicative of the results for any future period.

	Quarter Ended			
(In thousands, except per share data)	Dec. 31	Sep. 30	Jun. 30	Mar. 31
2017				
Revenue	$ 2,469,855	$ 2,465,800	$ 2,458,411	$ 2,342,843
Gross margin	947,645	956,876	965,009	930,093
Operating income	167,954	199,099	244,573	235,692
Income from continuing operations	122,870	122,381	150,914	140,809
Net loss from discontinued operations (1)	(2,215)	—	—	(4,531)
Net loss attributable to noncontrolling interest	(3,516)	—	—	—
Net income attributable to LKQ stockholders	124,171	122,381	150,914	136,278
Basic earnings per share from continuing operations (2)	$ 0.40	$ 0.40	$ 0.49	$ 0.46
Diluted earnings per share from continuing operations (2)	$ 0.39	$ 0.39	$ 0.49	$ 0.45

	Quarter Ended (3)			
(In thousands, except per share data)	Dec. 31	Sep. 30	Jun. 30	Mar. 31
2016				
Revenue	$ 2,150,406	$ 2,207,343	$ 2,304,806	$ 1,921,476
Gross margin	830,006	855,444	905,816	760,437
Operating income	161,880	183,401	232,445	185,672
Income from continuing operations	96,298	109,844	137,810	112,171
Net (loss) income from discontinued operations (1)	(9,967)	12,844	4,975	—
Net income	86,331	122,688	142,785	112,171
Basic earnings per share from continuing operations (2)	$ 0.31	$ 0.36	$ 0.45	$ 0.37
Diluted earnings per share from continuing operations (2)	$ 0.31	$ 0.35	$ 0.45	$ 0.36

(1) In the first quarter of 2017, LKQ completed the sale of the glass manufacturing business of its PGW subsidiary and recorded a loss on sale of $4 million and an immaterial loss from discontinued operations, net of tax. During the fourth quarter of 2017, we recorded an additional loss on sale of $2 million . The remaining amounts presented represent income (loss) from discontinued operations, net of tax for the periods presented. See Note 3, "Discontinued Operations" for further information regarding the disposal of the glass manufacturing business.

(2) The sum of the quarters may not equal the total of the respective year's earnings per share on either a basic or diluted basis due to changes in weighted average shares outstanding throughout the year.

(3) The 2016 amounts presented above include the results of operations of Rhiag, from its acquisition effective March 18, 2016, and PGW, from its acquisition effective April 21, 2016.

Note 16. Condensed Consolidating Financial Information

LKQ Corporation (the "Parent") issued, and the Guarantors have fully and unconditionally guaranteed, jointly and severally, the U.S. Notes (2023) due on May 15, 2023. A Guarantor's guarantee will be unconditionally and automatically released and discharged upon the occurrence of any of the following events: (i) a transfer (including as a result of consolidation or merger) by the Guarantor to any person that is not a Guarantor of all or substantially all assets and properties of such Guarantor, provided the Guarantor is also released from its obligations with respect to indebtedness under the Credit Agreement or other indebtedness of ours, which obligation gave rise to the guarantee of the U.S. Notes (2023); (ii) a transfer (including as a result of consolidation or merger) to any person that is not a Guarantor of the equity interests of a Guarantor or issuance by a Guarantor of its equity interests such that the Guarantor ceases to be a subsidiary, as defined in the Indenture, provided the Guarantor is also released from its obligations with respect to indebtedness under the Credit Agreement or other indebtedness of ours, which obligation gave rise to the guarantee of the U.S. Notes (2023); (iii) the release of the Guarantor from its obligations with respect to indebtedness under the Credit Agreement or other indebtedness of ours, which obligation gave rise to the guarantee of the U.S. Notes (2023); and (iv) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as defined in the Indenture.

Presented below are the condensed consolidating financial statements of the Parent, the Guarantors, the non-guarantor subsidiaries (the "Non-Guarantors"), and the elimination entries necessary to present our financial statements on a consolidated basis as required by Rule 3-10 of Regulation S-X of the Securities Exchange Act of 1934 resulting from the guarantees of the U.S. Notes (2023). Investments in consolidated subsidiaries have been presented under the equity method of accounting. The principal elimination entries eliminate investments in subsidiaries, intercompany balances, and intercompany revenue and expenses. The condensed consolidating financial statements below have been prepared from our financial information on the same basis of accounting as the consolidated financial statements, and may not necessarily be indicative of the financial position, results of operations or cash flows had the Parent, Guarantors and Non-Guarantors operated as independent entities.

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Income
(In thousands)

	Year Ended December 31, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 5,780,904	$ 4,116,161	$ (160,156)	$ 9,736,909
Cost of goods sold	—	3,458,304	2,639,138	(160,156)	5,937,286
Gross margin	—	2,322,600	1,477,023	—	3,799,623
Facility and warehouse expenses	—	521,596	275,792	—	797,388
Distribution expenses	—	491,082	293,403	—	784,485
Selling, general and administrative expenses	29,884	545,248	556,082	—	1,131,214
Restructuring and acquisition related expenses	—	7,352	12,320	—	19,672
Depreciation and amortization	118	96,717	122,711	—	219,546
Operating (loss) income	(30,002)	660,605	216,715	—	847,318
Other expense (income):					
Interest expense	66,030	546	35,064	—	101,640
Intercompany interest (income) expense, net	(17,873)	(2,383)	20,256	—	—
Loss on debt extinguishment	456	—	—	—	456
Gains on bargain purchases	—	—	(3,870)	—	(3,870)
Interest and other expense (income), net	242	(14,366)	(3,411)	—	(17,535)
Total other expense (income), net	48,855	(16,203)	48,039	—	80,691
(Loss) income from continuing operations before provision for income taxes	(78,857)	676,808	168,676	—	766,627
Provision for income taxes	28,684	168,288	38,588	—	235,560
Equity in earnings of unconsolidated subsidiaries	—	—	5,907	—	5,907
Equity in earnings of subsidiaries	648,031	21,836	—	(669,867)	—
Income from continuing operations	540,490	530,356	135,995	(669,867)	536,974
Net (loss) income from discontinued operations	(6,746)	(6,746)	2,050	4,696	(6,746)
Net income	533,744	523,610	138,045	(665,171)	530,228
Less: net loss attributable to noncontrolling interest	—	—	(3,516)	—	(3,516)
Net income attributable to LKQ stockholders	$ 533,744	$ 523,610	$ 141,561	$ (665,171)	$ 533,744

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Income
(In thousands)

	Year Ended December 31, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 5,467,430	$ 3,301,503	$ (184,902)	$ 8,584,031
Cost of goods sold	—	3,313,503	2,103,727	(184,902)	5,232,328
Gross margin	—	2,153,927	1,197,776	—	3,351,703
Facility and warehouse expenses	—	475,487	213,431	—	688,918
Distribution expenses	—	453,192	230,620	—	683,812
Selling, general and administrative expenses	34,163	521,909	430,308	—	986,380
Restructuring and acquisition related expenses	—	21,162	16,600	—	37,762
Depreciation and amortization	132	94,165	97,136	—	191,433
Operating (loss) income	(34,295)	588,012	209,681	—	763,398
Other expense (income):					
Interest expense	59,415	547	28,301	—	88,263
Intercompany interest (income) expense, net	(27,470)	17,124	10,346	—	—
Loss on debt extinguishment	2,894	—	23,756	—	26,650
Gains on foreign exchange contracts - acquisition related	(18,342)	—	—	—	(18,342)
Gain on bargain purchase	—	—	(8,207)	—	(8,207)
Interest and other expense (income), net	470	(3,773)	1,056	—	(2,247)
Total other expense, net	16,967	13,898	55,252	—	86,117
(Loss) income from continuing operations before (benefit) provision for income taxes	(51,262)	574,114	154,429	—	677,281
(Benefit) provision for income taxes	(20,498)	213,794	27,270	—	220,566
Equity in (loss) earnings of unconsolidated subsidiaries	(795)	—	203	—	(592)
Equity in earnings of subsidiaries	487,682	22,314	—	(509,996)	—
Income from continuing operations	456,123	382,634	127,362	(509,996)	456,123
Net income from discontinued operations	7,852	7,852	3,285	(11,137)	7,852
Net income	$ 463,975	$ 390,486	$ 130,647	$ (521,133)	$ 463,975

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Income
(In thousands)

	Year Ended December 31, 2015				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 4,965,355	$ 2,357,655	$ (130,377)	$ 7,192,633
Cost of goods sold	—	3,010,820	1,478,661	(130,377)	4,359,104
Gross margin	—	1,954,535	878,994	—	2,833,529
Facility and warehouse expenses	—	408,828	147,213	—	556,041
Distribution expenses	—	408,112	194,785	—	602,897
Selling, general and administrative expenses	32,946	490,530	304,857	—	828,333
Restructuring and acquisition related expenses	—	13,962	5,549	—	19,511
Depreciation and amortization	154	82,058	39,908	—	122,120
Operating (loss) income	(33,100)	551,045	186,682	—	704,627
Other expense (income):					
Interest expense	47,626	669	9,565	—	57,860
Intercompany interest (income) expense, net	(41,904)	28,944	12,960	—	—
Interest and other expense (income), net	99	(7,414)	5,052	—	(2,263)
Total other expense, net	5,821	22,199	27,577	—	55,597
(Loss) income from continuing operations before (benefit) provision for income taxes	(38,921)	528,846	159,105	—	649,030
(Benefit) provision for income taxes	(16,054)	205,176	30,581	—	219,703
Equity in (loss) earnings of unconsolidated subsidiaries	(1,000)	59	(5,163)	—	(6,104)
Equity in earnings of subsidiaries	447,090	24,632	—	(471,722)	—
Net income	$ 423,223	$ 348,361	$ 123,361	$ (471,722)	$ 423,223

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2017				
	Parent	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Consolidated**
Net income	$ 533,744	$ 523,610	$ 138,045	$ (665,171)	$ 530,228
Less: net loss attributable to noncontrolling interest	—	—	(3,516)	—	(3,516)
Net income attributable to LKQ stockholders	533,744	523,610	141,561	(665,171)	533,744
Other comprehensive income (loss):					
Foreign currency translation, net of tax	200,596	16,743	206,049	(222,792)	200,596
Net change in unrecognized gains/losses on derivative instruments, net of tax	3,447	(133)	—	133	3,447
Net change in unrealized gains/losses on pension plans, net of tax	(6,035)	(3,254)	(2,781)	6,035	(6,035)
Net change in other comprehensive loss from unconsolidated subsidiaries	(1,309)	—	(1,309)	1,309	(1,309)
Other comprehensive income	196,699	13,356	201,959	(215,315)	196,699
Comprehensive income	730,443	536,966	340,004	(880,486)	726,927
Less: comprehensive loss attributable to noncontrolling interest	—	—	(3,516)	—	(3,516)
Comprehensive income attributable to LKQ stockholders	$ 730,443	$ 536,966	$ 343,520	$ (880,486)	$ 730,443

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2016				
	Parent	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Consolidated**
Net income	$ 463,975	$ 390,486	$ 130,647	$ (521,133)	$ 463,975
Other comprehensive (loss) income:					
Foreign currency translation, net of tax	(175,639)	(48,914)	(177,911)	226,825	(175,639)
Net change in unrecognized gains/losses on derivative instruments, net of tax	9,023	133	389	(522)	9,023
Net change in unrealized gains/losses on pension plans, net of tax	4,911	3,962	1,061	(5,023)	4,911
Other comprehensive loss	(161,705)	(44,819)	(176,461)	221,280	(161,705)
Total comprehensive income (loss)	$ 302,270	$ 345,667	$ (45,814)	$ (299,853)	$ 302,270

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2015				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net income	$ 423,223	$ 348,361	$ 123,361	$ (471,722)	$ 423,223
Other comprehensive (loss) income:					
Foreign currency translation, net of tax	(69,817)	(20,359)	(65,878)	86,237	(69,817)
Net change in unrecognized gains/losses on derivative instruments, net of tax	2,469	—	294	(294)	2,469
Net change in unrealized gains/losses on pension plans, net of tax	2,103	—	2,103	(2,103)	2,103
Other comprehensive loss	(65,245)	(20,359)	(63,481)	83,840	(65,245)
Total comprehensive income	$ 357,978	$ 328,002	$ 59,880	$ (387,882)	$ 357,978

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Balance Sheets
(In thousands)

	December 31, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 34,360	$ 35,131	$ 210,275	$ —	$ 279,766
Receivables, net	—	290,958	736,148	—	1,027,106
Intercompany receivables, net	2,669	3,010	230	(5,909)	—
Inventories	—	1,334,766	1,046,017	—	2,380,783
Prepaid expenses and other current assets	34,136	44,849	55,494	—	134,479
Total current assets	71,165	1,708,714	2,048,164	(5,909)	3,822,134
Property, plant and equipment, net	910	563,262	348,917	—	913,089
Intangible assets:					
Goodwill	—	2,010,209	1,526,302	—	3,536,511
Other intangibles, net	—	291,036	452,733	—	743,769
Investment in subsidiaries	5,952,687	102,931	—	(6,055,618)	—
Intercompany notes receivable	1,156,550	782,638	—	(1,939,188)	—
Equity method investments	—	336	208,068	—	208,404
Other assets	70,590	33,597	38,778	—	142,965
Total assets	$ 7,251,902	$ 5,492,723	$ 4,622,962	$ (8,000,715)	$ 9,366,872
Liabilities and Stockholders’ Equity					
Current liabilities:					
Accounts payable	$ 5,742	$ 340,951	$ 441,920	$ —	$ 788,613
Intercompany payables, net	—	230	5,679	(5,909)	—
Accrued expenses:					
Accrued payroll-related liabilities	9,448	65,811	68,165	—	143,424
Other accrued expenses	5,219	95,900	117,481	—	218,600
Other current liabilities	282	27,066	18,379	—	45,727
Current portion of long-term obligations	16,468	1,912	107,980	—	126,360
Total current liabilities	37,159	531,870	759,604	(5,909)	1,322,724
Long-term obligations, excluding current portion	2,095,826	7,372	1,174,422	—	3,277,620
Intercompany notes payable	750,000	677,708	511,480	(1,939,188)	—
Deferred income taxes	12,402	116,021	123,936	—	252,359
Other noncurrent liabilities	158,346	101,189	47,981	—	307,516
Stockholders' equity:					
Total Company stockholders’ equity	4,198,169	4,058,563	1,997,055	(6,055,618)	4,198,169
Noncontrolling interest	—	—	8,484	—	8,484
Total stockholders’ equity	4,198,169	4,058,563	2,005,539	(6,055,618)	4,206,653
Total liabilities and stockholders' equity	$ 7,251,902	$ 5,492,723	$ 4,622,962	$ (8,000,715)	$ 9,366,872

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Balance Sheets
(In thousands)

	December 31, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 33,030	$ 35,360	$ 159,010	$ —	$ 227,400
Receivables, net	—	248,188	612,361	—	860,549
Intercompany receivables, net	2,805	11,237	8,837	(22,879)	—
Inventories	—	1,149,763	785,474	—	1,935,237
Prepaid expenses and other current assets	1,640	43,165	42,963	—	87,768
Assets of discontinued operations	—	357,788	98,852	—	456,640
Total current assets	37,475	1,845,501	1,707,497	(22,879)	3,567,594
Property, plant and equipment, net	239	527,705	283,632	—	811,576
Intangible assets:					
Goodwill	—	1,851,274	1,203,495	—	3,054,769
Other intangibles, net	—	153,689	430,542	—	584,231
Investment in subsidiaries	5,067,297	242,032	—	(5,309,329)	—
Intercompany notes receivable	1,510,534	800,283	—	(2,310,817)	—
Equity method investments	—	336	183,131	—	183,467
Other assets	59,726	25,177	22,347	(5,688)	101,562
Total assets	$ 6,675,271	$ 5,445,997	$ 3,830,644	$ (7,648,713)	$ 8,303,199
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$ 1,309	$ 244,074	$ 388,390	$ —	$ 633,773
Intercompany payables, net	11,237	8,837	2,805	(22,879)	—
Accrued expenses:					
Accrued payroll-related liabilities	6,404	58,187	54,164	—	118,755
Other accrued expenses	5,502	94,287	109,312	—	209,101
Other current liabilities	4,283	18,456	15,204	—	37,943
Current portion of long-term obligations	37,710	1,097	27,302	—	66,109
Liabilities of discontinued operations	—	110,890	34,214	—	145,104
Total current liabilities	66,445	535,828	631,391	(22,879)	1,210,785
Long-term obligations, excluding current portion	2,371,578	8,356	895,728	—	3,275,662
Intercompany notes payable	750,000	1,074,218	486,599	(2,310,817)	—
Deferred income taxes	—	95,765	109,580	(5,688)	199,657
Other noncurrent liabilities	44,299	90,722	39,125	—	174,146
Total stockholders' equity	3,442,949	3,641,108	1,668,221	(5,309,329)	3,442,949
Total liabilities and stockholders' equity	$ 6,675,271	$ 5,445,997	$ 3,830,644	$ (7,648,713)	$ 8,303,199

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by operating activities	$ 243,011	$ 481,384	$ 95,617	$ (301,112)	$ 518,900
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	(648)	(87,102)	(91,340)	—	(179,090)
Investment and intercompany note activity with subsidiaries	57,735	—	—	(57,735)	—
Acquisitions, net of cash acquired	—	(335,582)	(177,506)	—	(513,088)
Proceeds from disposals of business/investment	—	305,740	(4,443)	—	301,297
Investments in unconsolidated subsidiaries	—	(2,750)	(4,914)	—	(7,664)
Other investing activities, net	—	6,490	7,460	—	13,950
Net cash provided by (used in) investing activities	57,087	(113,204)	(270,743)	(57,735)	(384,595)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options	7,470	—	—	—	7,470
Taxes paid related to net share settlements of stock-based compensation awards	(5,525)	—	—	—	(5,525)
Debt issuance costs	(4,267)	—	—	—	(4,267)
Borrowings under revolving credit facilities	558,000	—	281,171	—	839,171
Repayments under revolving credit facilities	(824,862)	—	(121,615)	—	(946,477)
Repayments under term loans	(27,884)	—	—	—	(27,884)
Borrowings under receivables securitization facility	—	—	11,245	—	11,245
Repayments under receivables securitization facility	—	—	(11,245)	—	(11,245)
(Repayments) borrowings of other debt, net	(1,700)	(1,318)	22,724	—	19,706
Payments of other obligations	—	(1,336)	(741)	—	(2,077)
Investment and intercompany note activity with parent	—	(65,498)	7,763	57,735	—
Dividends	—	(301,112)	—	301,112	—
Other financing activities, net	—	—	7,316	—	7,316
Net cash (used in) provided by financing activities	(298,768)	(369,264)	196,618	358,847	(112,567)
Effect of exchange rate changes on cash and cash equivalents	—	706	22,806	—	23,512
Net increase (decrease) in cash and cash equivalents	1,330	(378)	44,298	—	45,250
Cash and cash equivalents of continuing operations, beginning of period	33,030	35,360	159,010	—	227,400
Add: Cash and cash equivalents of discontinued operations, beginning of period	—	149	6,967	—	7,116
Cash and cash equivalents of continuing and discontinued operations, beginning of period	33,030	35,509	165,977	—	234,516
Cash and cash equivalents, end of period	$ 34,360	$ 35,131	$ 210,275	$ —	$ 279,766

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by operating activities	$ 308,299	$ 539,318	$ 99,894	$ (312,497)	$ 635,014
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	(36)	(120,761)	(86,277)	—	(207,074)
Investment and intercompany note activity with subsidiaries	(1,720,732)	—	—	1,720,732	—
Acquisitions, net of cash acquired	—	(685,278)	(664,061)	—	(1,349,339)
Proceeds from disposal of business/investment	—	—	10,304	—	10,304
Investments in unconsolidated subsidiaries	—	(4,400)	(181,271)	—	(185,671)
Proceeds from foreign exchange contracts	18,342	—	—	—	18,342
Other investing activities, net	3	1,953	1,554	—	3,510
Net cash used in investing activities	(1,702,423)	(808,486)	(919,751)	1,720,732	(1,709,928)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options	7,963	—	—	—	7,963
Taxes paid related to net share settlements of stock-based compensation awards	(4,438)	—	—	—	(4,438)
Debt issuance costs	(7,104)	—	(9,450)	—	(16,554)
Proceeds from issuance of Euro Notes (2024)	—	—	563,450	—	563,450
Borrowings under revolving credit facilities	1,744,408	—	892,188	—	2,636,596
Repayments under revolving credit facilities	(654,000)	—	(1,094,664)	—	(1,748,664)
Borrowings under term loans	332,954	—	249,161	—	582,115
Repayments under term loans	(10,898)	—	(244,894)	—	(255,792)
Borrowings under receivables securitization facility	—	—	106,400	—	106,400
Repayments under receivables securitization facility	—	—	(69,400)	—	(69,400)
Borrowings (repayments) of other debt, net	653	(2,935)	(28,874)	—	(31,156)
Payments of Rhiag debt and related payments	—	—	(543,347)	—	(543,347)
Payments of other obligations	—	(1,436)		—	(1,436)
Investment and intercompany note activity with parent	—	608,270	1,112,462	(1,720,732)	—
Dividends	—	(312,497)	—	312,497	—
Net cash provided by financing activities	1,409,538	291,402	933,032	(1,408,235)	1,225,737
Effect of exchange rate changes on cash and cash equivalents	—	(157)	(3,547)	—	(3,704)
Net increase in cash and cash equivalents	15,414	22,077	109,628	—	147,119
Cash and cash equivalents of continuing operations, beginning of period	17,616	13,432	56,349	—	87,397
Cash and cash equivalents of continuing and discontinued operations, end of period	33,030	35,509	165,977	—	234,516
Less: Cash and cash equivalents of discontinued operations, end of period	—	(149)	(6,967)	—	(7,116)
Cash and cash equivalents, end of period	$ 33,030	$ 35,360	$ 159,010	$ —	$ 227,400

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2015				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by operating activities	$ 262,812	$ 393,422	$ 136,361	$ (248,313)	$ 544,282
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	(1)	(85,868)	(84,621)	—	(170,490)
Investment and intercompany note activity with subsidiaries	(66,712)	—	—	66,712	—
Acquisitions, net of cash acquired	—	(118,963)	(41,554)	—	(160,517)
Other investing activities, net	—	5,446	(4,432)	—	1,014
Net cash used in investing activities	(66,713)	(199,385)	(130,607)	66,712	(329,993)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options	8,168	—	—	—	8,168
Taxes paid related to net share settlements of stock-based compensation awards	(7,581)	—	—	—	(7,581)
Debt issuance costs	—	—	(97)	—	(97)
Borrowings under revolving credit facilities	212,000	—	101,142	—	313,142
Repayments under revolving credit facilities	(352,000)	—	(93,282)	—	(445,282)
Repayments under term loans	(22,500)	—	—	—	(22,500)
Borrowings under receivables securitization facility	—	—	3,858	—	3,858
Repayments under receivables securitization facility	—	—	(35,758)	—	(35,758)
Repayments (borrowings) of other debt, net	(31,500)	(3,457)	5,261	—	(29,696)
Payments of other obligations	—	(21,896)	(895)	—	(22,791)
Investment and intercompany note activity with parent	—	60,910	5,802	(66,712)	—
Dividends	—	(248,313)	—	248,313	—
Net cash used in financing activities	(193,413)	(212,756)	(13,969)	181,601	(238,537)
Effect of exchange rate changes on cash and cash equivalents	—	48	(3,008)	—	(2,960)
Net increase (decrease) in cash and cash equivalents	2,686	(18,671)	(11,223)	—	(27,208)
Cash and cash equivalents, beginning of period	14,930	32,103	67,572	—	114,605
Cash and cash equivalents, end of period	$ 17,616	$ 13,432	$ 56,349	$ —	$ 87,397

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2017 , the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of LKQ Corporation's management, including our Chief Executive Officer and our Chief Financial Officer, of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports we file with the Securities and Exchange Commission ("SEC") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Report of Management on Internal Control over Financial Reporting dated February 27, 2018

Management of LKQ Corporation and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

We have excluded from our assessment the internal control over financial reporting at the following businesses, which were acquired during 2017: aftermarket parts distribution businesses in Belgium and Poland, Warn Industries, Inc. and a wholesale business in North America. The financial statements of these businesses constitute 13% and 8% of net and total assets, respectively, 2% of revenue, and less than 1% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2017.

Internal control over financial reporting includes the controls themselves, monitoring and internal auditing practices, and actions taken to correct deficiencies as identified. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017 . Management based this assessment on criteria for effective internal control over financial reporting described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of the Company's Board of Directors.

Based on this assessment, management determined that, as of December 31, 2017 , the Company maintained effective internal control over financial reporting. Deloitte & Touche LLP, independent registered public accounting firm, who audited and reported on the consolidated financial statements of the Company included in this report, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2017 .

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and stockholders of LKQ Corporation:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of LKQ Corporation and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 27, 2018 , expressed an unqualified opinion on those financial statements.

As described in the Report of Management on Internal Control over Financial Reporting dated February 27, 2018 , management excluded from its assessment the internal control over financial reporting at the following businesses, which were acquired during 2017: aftermarket parts distribution businesses in Belgium and Poland, Warn Industries, Inc. and a wholesale business in North America ("the Acquired Businesses"). The aggregate financial statements of the Acquired Businesses constitute 13% and 8% of net and total assets, respectively, 2% of revenue, and less than 1% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2017. Accordingly, our audit did not include the internal control over financial reporting at the Acquired Businesses.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 27, 2018

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The information appearing under the caption "Election of our Board of Directors" in our Proxy Statement for the Annual Meeting of Stockholders to be held May 7, 2018 (the "Proxy Statement") is incorporated herein by reference.

Executive Officers

Our executive officers, their ages at December 31, 2017 , and their positions with us are set forth below. Our executive officers are elected by and serve at the discretion of our Board of Directors.

Name	Age	Position
Dominick Zarcone	59	President, Chief Executive Officer and Director
Varun Laroyia	46	Executive Vice President and Chief Financial Officer
John S. Quinn	59	Chief Executive Officer and Managing Director, LKQ Europe
Victor M. Casini	55	Senior Vice President, General Counsel and Corporate Secretary
Walter P. Hanley	51	Senior Vice President - Development
Justin L. Jude	41	Senior Vice President of Operations - Wholesale Parts Division
Ashley T. Brooks	54	Senior Vice President and Chief Information Officer
Matthew J. McKay	40	Senior Vice President - Human Resources
Michael S. Clark	43	Vice President - Finance and Controller

Dominick Zarcone became our President and Chief Executive Officer in May 2017. Mr. Zarcone was our Executive Vice President and Chief Financial Officer from March 2015 to May 2017. Prior to joining our Company, he was the Managing Director and Chief Financial Officer of Baird Financial Group, a capital markets and wealth management company, and certain of its affiliates from April 2011 to March 2015. He also served from April 2011 to March 2015 as Treasurer of Baird Funds, Inc., a family of fixed income and equity mutual funds managed by Robert W. Baird & Co. Incorporated, a registered broker/dealer. From February 1995 to April 2011, Mr. Zarcone was a Managing Director of the Investment Banking department of Robert W. Baird & Co. Incorporated. From February 1986 to February 1995, he was with the investment banking company Kidder, Peabody & Co., Incorporated, most recently as Senior Vice President of Investment Banking. Mr. Zarcone is a member of the Board of Directors of Generac Power Systems, Inc., a designer and manufacturer of power generation equipment and engine-powered products.

Varun Laroyia became our Executive Vice President and Chief Financial Officer in October 2017. Prior to joining our Company, he was the Chief Financial Officer of CBRE's Global Workplace Solutions ("GWS") business since 2015, following CBRE's acquisition of the GWS business from Johnson Controls Inc. ("JCI"), where he was the Chief Financial Officer and Vice President of Information Technology since 2013. From 2006 to 2013, Mr. Laroyia held various positions at JCI including Group Vice President of Global Audit and Vice President of Finance and Administration for its Building Efficiency business across Europe and Africa. From 2000 to 2006, Mr. Laroyia held various positions at Gateway, Inc., including Vice President and Controller based in the U.S. and Finance Director for the United Kingdom and Ireland. Prior to Gateway, he was with General Electric in the U.S. and then GE Capital in London where he served as a Manager of European Corporate Development. Mr. Laroyia started his career at KPMG in London.

John S. Quinn became our Chief Executive Officer and Managing Director, LKQ Europe in February 2015. Prior to that he was our Executive Vice President and Chief Financial Officer from November 2009. Prior to joining our Company, he was the Senior Vice President, Chief Financial Officer and Treasurer of Casella Waste Systems, Inc., a company in the solid waste management services industry, from January 2009. From January 2001 to January 2009 he held various positions of increasing responsibility with Allied Waste Industries, Inc., a company also in the solid waste management services industry, including Senior Vice President of Finance from January 2005 to January 2009, Controller and Chief Accounting Officer from November 2006 to September 2007 and Vice President Financial Analysis and Planning from January 2003 to January 2005. From August 1987 to January 2001, he held various positions with Waste Management Inc.'s foreign subsidiaries, and Waste Management International, plc. in Canada and the United Kingdom. Prior to working for Waste Management, he worked for Ford Glass Ltd., a subsidiary of Ford Motor Company. In January 2017, he was elected to the Board of Directors of Mekonomen Group, an automotive spare parts chain in the Nordic region, of which we are a 26.5% owner.

Victor M. Casini has been our Vice President, General Counsel and Corporate Secretary from our inception in February 1998. In March 2008, he was elected Senior Vice President. Mr. Casini was a member of our Board of Directors from May 2010 until

May 2012. From July 1992 to December 2011, Mr. Casini was the Executive Vice President and General Counsel of Flynn Enterprises, Inc., a venture capital, hedging and consulting firm. Mr. Casini served as Senior Vice President, General Counsel and Corporate Secretary of Discovery Zone, Inc., an operator and franchiser of family entertainment centers, from July 1992 until May 1995. Prior to July 1992, Mr. Casini practiced corporate and securities law with the law firm of Bell, Boyd & Lloyd LLP (now known as K&L Gates LLP) in Chicago, Illinois for more than five years.

Walter P. Hanley joined us in December 2002 as our Vice President of Development, Associate General Counsel and Assistant Secretary. In December 2005, he became our Senior Vice President of Development. Mr. Hanley served as Senior Vice President, General Counsel and Secretary of Emerald Casino, Inc., an owner of a license to operate a riverboat casino in the State of Illinois, from June 1999 until August 2002. Mr. Hanley served as Senior Vice President, General Counsel and Secretary of Blue Chip Casino, Inc., an owner and operator of a riverboat gaming vessel in Michigan City, Indiana, from July 1996 until November 1999. Mr. Hanley served as Vice President and Associate General Counsel of Flynn Enterprises, Inc. from May 1995 until February 1998 and as Associate General Counsel of Discovery Zone, Inc. from March 1993 until May 1995. Prior to March 1993, Mr. Hanley practiced corporate and securities law with the law firm of Bell, Boyd & Lloyd LLP (now known as K&L Gates LLP) in Chicago, Illinois.

Justin L. Jude became our Senior Vice President of Operations—Wholesale Parts Division in July 2015. Mr. Jude has been with us since February 2004 in various roles, including from March 2008 to February 2011 as Vice President - Supply Chain, from February 2011 to May 2014 as Vice President - Information Systems (North America), and from June 2014 to July 2015 as President of Keystone Automotive Operations, Inc., our specialty automotive business. Mr. Jude has been in the Company's industry for over 19 years.

Ashley T. Brooks joined us as Senior Vice President—Chief Information Officer in May 2016. Prior to joining us, he held various information technology positions from 1999 to 2016 with Arrow Electronics, Inc., a global provider of products, services and solutions to industrial and commercial users of electronic components and enterprise computing solutions. Mr. Brooks' most recent position with Arrow Electronics was Chief Information Officer, Global Components from April 2012 to May 2016.

Matthew J. McKay became our Senior Vice President of Human Resources in June 2016. Prior thereto, he served as our Associate General Counsel from December 2007 to May 2016, focusing on employment-related matters. Prior to joining us, Mr. McKay served as a law clerk for Judge William Bauer at the United States Court of Appeals for the Seventh Circuit.

Michael S. Clark has been our Vice President—Finance and Controller since February 2011. Prior thereto, he served as our Assistant Controller since May 2008. Prior to joining our Company, he was the SEC Reporting Manager of FMC Technologies, Inc., a global provider of technology solutions for the energy industry, from December 2004 to May 2008. Before joining FMC Technologies, Mr. Clark, a certified public accountant, worked in public accounting for more than eight years, leaving as a Senior Manager in the audit practice of Deloitte & Touche.

Code of Ethics

A copy of our Code of Ethics for Financial Officers is available free of charge through our website at *www.lkqcorp.com* . Any amendments to our Code of Ethics for Financial Officers or waivers granted to the applicable financial officers will be posted on our website.

Section 16 Compliance

Information appearing under the caption "Other Information—Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement is incorporated herein by reference.

Audit Committee

Information appearing under the caption "Corporate Governance—Committees of the Board—Audit Committee" in the Proxy Statement is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information appearing under the captions "Director Compensation—Director Compensation Table," "Executive Compensation—Compensation Discussion and Analysis," "Corporate Governance—Compensation Committee Interlocks and Insider Participation" and "Executive Compensation—Compensation Tables" in the Proxy Statement is incorporated herein by reference.

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

Information appearing under the caption "Other Information—Principal Stockholders" in the Proxy Statement is incorporated herein by reference.

The following table provides information about our common stock that may be issued under our equity compensation plans as of December 31, 2017 :

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants, and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders			
Stock options	1,738,073	$ 9.20	
Restricted stock units	1,624,390	$ —	
Total equity compensation plans approved by stockholders	3,362,463		11,672,411
Equity compensation plans not approved by stockholders	—	$ —	—
Total	3,362,463		11,672,411

See Note 6, "Stock-Based Compensation ," to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information related to the equity incentive plans listed above.

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

Information appearing under the captions "Other Information—Certain Transactions," "Election of our Board of Directors" and "Corporate Governance - Director Independence" in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information appearing under the captions "Ratification of Appointment of Our Independent Registered Public Accounting Firm—Audit Fees and Non-Audit Fees" and "Ratification of Appointment of Our Independent Registered Public Accounting Firm—Policy on Audit Committee Approval of Audit and Non-Audit Services" in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

Reference is made to the information set forth in Part II, Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

(a)(2) Financial Statement Schedules

Other than as set forth below, all schedules for which provision is made in the applicable accounting regulations of the SEC have been omitted because they are not required under the related instructions, are not applicable, or the information has been provided in the consolidated financial statements or the notes thereto.

Schedule II—Valuation and Qualifying Accounts and Reserves
(in thousands)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Acquisitions and Other	Balance at End of Period
ALLOWANCE FOR DOUBTFUL ACCOUNTS:					
Year ended December 31, 2017	$ 45,608	$ 15,387	$ (13,012)	$ 9,626	$ 57,609
Year ended December 31, 2016	24,583	13,280	(21,829)	29,574	45,608
Year ended December 31, 2015	19,426	13,654	(9,486)	989	24,583
ALLOWANCE FOR ESTIMATED RETURNS, DISCOUNTS & ALLOWANCES:					
Year ended December 31, 2017	$ 38,345	$ 1,885,517	$ (1,884,250)	$ 2,713	$ 42,325
Year ended December 31, 2016	32,774	1,670,911	(1,673,040)	7,700	38,345
Year ended December 31, 2015	31,288	1,387,469	(1,388,921)	2,938	32,774

Within the disclosure of our Allowance for Estimated Returns, Discounts and Allowances, we have corrected the 2016 and 2015 amounts under the columns "Additions Charged to Costs and Expenses" and "Deductions," which were previously reported as $1,088,426 and ($1,090,555) in 2016, respectively, and $1,049,987 and ($1,051,439) in 2015, respectively, due to the omission of certain returns, discounts, and allowances activity. We do not consider these adjustments to be material to any previously issued Schedule II.

(a)(3) Exhibits

The exhibits to this Annual Report on Form 10-K are listed in Item 15(b) of this Annual Report on Form 10-K. Included in the exhibits listed therein are the following exhibits which constitute management contracts or compensatory plans or arrangements:

10.1	LKQ Corporation 401(k) Plus Plan dated August 1, 1999.
10.2	Amendment to LKQ Corporation 401(k) Plus Plan.
10.3	Trust for LKQ Corporation 401(k) Plus Plan.
10.4	LKQ Corporation 401(k) Plus Plan II, as amended and restated effective as of January 1, 2011.
10.5	LKQ Corporation 1998 Equity Incentive Plan, as amended.
10.6	Form of LKQ Corporation Award Agreement for options granted under the 1998 Equity Incentive Plan.
10.7	Form of LKQ Corporation Restricted Stock Unit Agreement for Non-Employee Directors.
10.8	Form of LKQ Corporation Restricted Stock Unit Agreement.
10.9	Form of LKQ Corporation Performance-Based Restricted Stock Unit Agreement.
10.10	LKQ Corporation Amended and Restated Stock Option and Compensation Plan for Non-Employee Directors, as amended.
10.11	Form of Indemnification Agreement between directors and officers of LKQ Corporation and LKQ Corporation.
10.12	LKQ Corporation Management Incentive Plan.
10.13	Form of LKQ Corporation Executive Officer Management Incentive Plan Award Memorandum.
10.14	Amended and Restated LKQ Corporation Long Term Incentive Plan.
10.15	Form of LKQ Corporation Executive Officer Long Term Incentive Plan Award Memorandum.
10.16	Consulting Agreement, as amended and restated, dated as of May 21, 2009 between LKQ Corporation and Joseph M. Holsten.
10.17	Amendment Agreement dated as of January 31, 2011 to the Consulting Agreement between LKQ Corporation and Joseph M. Holsten dated as of May 21, 2009.
10.18	Change of Control Agreement between LKQ Corporation and John S. Quinn dated as of July 24, 2014.
10.19	Change of Control Agreement between LKQ Corporation and Walter P. Hanley dated as of July 24, 2014.
10.20	Change of Control Agreement between LKQ Corporation and Victor M. Casini dated as of July 24, 2014.
10.21	Change of Control Agreement between LKQ Corporation and Michael S. Clark dated as of July 24, 2014.
10.22	Change of Control Agreement between LKQ Corporation and Dominick P. Zarcone dated as of March 30, 2015.
10.23	Change of Control Agreement between LKQ Corporation and Justin L. Jude dated as of May 13, 2015.
10.24	Change of Control Agreement between LKQ Corporation and Ashley T. Brooks dated as of May 2, 2016.
10.25	Change of Control Agreement between LKQ Corporation and Matthew J. McKay dated as of June 1, 2016.
10.26	Change of Control Agreement between LKQ Corporation and Varun Laroyia dated as of October 1, 2017.
10.27	LKQ Severance Policy for Key Executives.
10.33	Offer Letter to John S. Quinn dated February 12, 2015, as amended.
10.34	Services Agreement dated as of February 26, 2015 between LKQ Corporation and John S. Quinn.
10.35	Offer Letter to Dominick P. Zarcone dated February 12, 2015.
10.36	Memorandum dated as of May 25, 2017 from Joseph M. Holsten to Dominick P. Zarcone.
10.39	Employee Transition Agreement dated as of May 31, 2017 between LKQ Corporation and Robert L. Wagman.
10.40	Offer letter to Varun Laroyia dated September 5, 2017.
10.41	Service Agreement between Euro Car Parts Limited and Sukhpal Singh Ahluwalia dated as of September 7, 2017.

(b) Exhibits

3.1	Restated Certificate of Incorporation of LKQ Corporation (incorporated herein by reference to Exhibit 3.1 to the Company's report on Form 10-Q filed with the SEC on October 31, 2014).
3.2	Amended and Restated Bylaws of LKQ Corporation, as amended as of March 8, 2017 (incorporated herein by reference to Exhibit 3.1 to the Company's report on Form 8-K filed with the SEC on March 10, 2017).

4.1	Specimen of common stock certificate (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A, Registration No. 333-107417 filed with the SEC on September 12, 2003).
4.2	Amendment and Restatement Agreement dated as of January 29, 2016 by and among LKQ Corporation, LKQ Delaware LLP, and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 8-K filed with the SEC on February 2, 2016).
4.3	Amendment No. 1 dated as of December 14, 2016 to the Fourth Amended and Restated Credit Agreement, which is Exhibit A to the Amendment and Restatement Agreement dated as of January 29, 2016 by and among LKQ Corporation, LKQ Delaware LLP, and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.3 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
4.4	Amendment No. 2 dated as of December 1, 2017 to the Fourth Amended and Restated Credit Agreement, which is Exhibit A to the Amendment and Restatement Agreement dated as of January 29, 2016 by and among LKQ Corporation, LKQ Delaware LLP, and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent.
4.5	Indenture dated as of May 9, 2013 among LKQ Corporation, as Issuer, the Guarantors, and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 8-K filed with the SEC on May 10, 2013).
4.6	Supplemental Indenture dated as of May 8, 2014 among LKQ Corporation, as Issuer, the Guarantors, and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 10-Q filed with the SEC on August 1, 2014).
4.7	Supplemental Indenture dated as of September 9, 2016 among LKQ Corporation, as Issuer, certain subsidiaries of LKQ Corporation, as Guarantors, and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.11 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
4.8	Supplemental Indenture dated as of July 20, 2017 among LKQ Corporation, as Issuer, certain subsidiaries of LKQ Corporation, as Guarantors, and U.S. Bank National Association, as Trustee.
4.9	Supplemental Indenture dated as of November 29, 2017 among LKQ Corporation, as Issuer, certain subsidiaries of LKQ Corporation, as Guarantors, and U.S. Bank National Association, as Trustee.
4.10	Indenture dated as of April 14, 2016 among LKQ Italia Bondco S.p.A., as Issuer, LKQ Corporation, certain subsidiaries of LKQ Corporation, the Trustee, and the Paying Agent, Transfer Agent and Registrar (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 8-K filed with the SEC on April 18, 2016).
4.11	Supplemental Indenture dated as of June 13, 2016 among Auto Kelly a.s., LKQ Corporation, LKQ Italia Bondco S.p.A. and the Trustee (incorporated herein by reference to Exhibit 4.2 to the Company's report on Form 10-Q filed with the SEC on August 2, 2016).
4.12	Supplemental Indenture dated as of June 13, 2016 among ELIT CZ, spol. s r.o., LKQ Corporation, LKQ Italia Bondco S.p.A. and the Trustee (incorporated herein by reference to Exhibit 4.3 to the Company's report on Form 10-Q filed with the SEC on August 2, 2016).
4.13	Supplemental Indenture dated as of June 13, 2016 among Rhiag-Inter Auto Parts Italia S.p.A., LKQ Corporation, LKQ Italia Bondco S.p.A. and the Trustee (incorporated herein by reference to Exhibit 4.4 to the Company's report on Form 10-Q filed with the SEC on August 2, 2016).
4.14	Supplemental Indenture dated as of June 13, 2016 among Bertolotti S.p.A., LKQ Corporation, LKQ Italia Bondco S.p.A. and the Trustee (incorporated herein by reference to Exhibit 4.5 to the Company's report on Form 10-Q filed with the SEC on August 2, 2016).
4.15	Supplemental Indenture dated as of September 9, 2016 among LKQ Corporation, LKQ Italia Bondco S.p.A., as Issuer, certain subsidiaries of LKQ Corporation, as Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to Exhibit 4.2 to the Company's report on Form 10-Q filed with the SEC on November 1, 2016).
4.16	Supplemental Indenture dated as of July 24, 2017 among LKQ Corporation, LKQ Italia Bondco S.p.A., as Issuer, certain subsidiaries of LKQ Corporation, as Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee.
4.17	Supplemental Indenture dated as of November 29, 2017 among LKQ Corporation, LKQ Italia Bondco S.p.A., as Issuer, certain subsidiaries of LKQ Corporation, as Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee.
10.1	LKQ Corporation 401(k) Plus Plan dated August 1, 1999 (incorporated herein by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).
10.2	Amendment to LKQ Corporation 401(k) Plus Plan (incorporated herein by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).

10.3	Trust for LKQ Corporation 401(k) Plus Plan (incorporated herein by reference to Exhibit 10.25 to the Company’s Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).
10.4	LKQ Corporation 401(k) Plus Plan II, as amended and restated effective as of January 1, 2011 (incorporated herein by reference to Exhibit 10.8 to the Company’s report on Form 10-K for the year ended December 31, 2010).
10.5	LKQ Corporation 1998 Equity Incentive Plan, as amended (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 10-Q filed with the SEC on November 1, 2016).
10.6	Form of LKQ Corporation Award Agreement for options granted under the 1998 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.1 to the Company’s report on Form 8-K filed with the SEC on January 11, 2005).
10.7	Form of LKQ Corporation Restricted Stock Unit Agreement for Non-Employee Directors.
10.8	Form of LKQ Corporation Restricted Stock Unit Agreement (incorporated herein by reference to Exhibit 10.8 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
10.9	Form of LKQ Corporation Performance-Based Restricted Stock Unit Agreement.
10.10	LKQ Corporation Amended and Restated Stock Option and Compensation Plan for Non-Employee Directors, as amended (incorporated herein by reference to Exhibit 10.5 to the Company’s report on Form 10-Q filed with the SEC on November 7, 2008).
10.11	Form of Indemnification Agreement between directors and officers of LKQ Corporation and LKQ Corporation (incorporated herein by reference to Exhibit 10.30 to the Company’s Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).
10.12	LKQ Corporation Management Incentive Plan (incorporated herein by reference to Exhibit 10.12 to the Company’s report on Form 10-K filed with the SEC on March 2, 2015).
10.13	Form of LKQ Corporation Executive Officer Management Incentive Plan Award Memorandum (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on March 10, 2017).
10.14	Amended and Restated LKQ Corporation Long Term Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on November 7, 2014).
10.15	Form of LKQ Corporation Executive Officer Long Term Incentive Plan Award Memorandum (incorporated herein by reference to Exhibit 10.2 to the Company’s report on Form 8-K filed with the SEC on March 10, 2017).
10.16	Consulting Agreement, as amended and restated, dated as of May 21, 2009 between LKQ Corporation and Joseph M. Holsten (incorporated herein by reference to Exhibit 10.2 to the Company’s report on Form 8-K filed with the SEC on May 21, 2009).
10.17	Amendment Agreement dated as of January 31, 2011 to the Consulting Agreement between LKQ Corporation and Joseph M. Holsten dated as of May 21, 2009 (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on February 2, 2011).
10.18	Change of Control Agreement between LKQ Corporation and John S. Quinn dated as of July 24, 2014 (incorporated herein by reference to Exhibit 10.3 to the Company’s report on Form 8-K filed with the SEC on July 28, 2014).
10.19	Change of Control Agreement between LKQ Corporation and Walter P. Hanley dated as of July 24, 2014 (incorporated herein by reference to Exhibit 10.4 to the Company’s report on Form 8-K filed with the SEC on July 28, 2014).
10.20	Change of Control Agreement between LKQ Corporation and Victor M. Casini dated as of July 24, 2014 (incorporated herein by reference to Exhibit 10.5 to the Company’s report on Form 8-K filed with the SEC on July 28, 2014).
10.21	Change of Control Agreement between LKQ Corporation and Michael S. Clark dated as of July 24, 2014 (incorporated herein by reference to Exhibit 10.8 to the Company’s report on Form 8-K filed with the SEC on July 28, 2014).
10.22	Change of Control Agreement between LKQ Corporation and Dominick P. Zarcone dated as of March 30, 2015 (incorporated herein by reference to Exhibit 10.7 to the Company’s report on Form 10-Q filed with the SEC on May 1, 2015).
10.23	Change of Control Agreement between LKQ Corporation and Justin L. Jude dated as of May 13, 2015 (incorporated herein by reference to Exhibit 10.32 to the Company’s report on Form 10-K filed with the SEC on February 25, 2016).
10.24	Change of Control Agreement between LKQ Corporation and Ashley T. Brooks dated as of May 2, 2016 (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 10-Q filed with the SEC on August 2, 2016).
10.25	Change of Control Agreement between LKQ Corporation and Matthew J. McKay dated as of June 1, 2016 (incorporated herein by reference to Exhibit 10.34 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
10.26	Change of Control Agreement between LKQ Corporation and Varun Laroyia dated as of October 1, 2017.

10.27	LKQ Severance Policy for Key Executives (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on July 28, 2014).
10.28	Receivables Sale Agreement dated as of September 28, 2012 among Keystone Automotive Industries, Inc., as an Originator, Greenleaf Auto Recyclers, LLC, as an Originator, and LKQ Receivables Finance Company, LLC, as Buyer (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on October 4, 2012).
10.29	Receivables Purchase Agreement dated as of September 28, 2012 among LKQ Receivables Finance Company, LLC, as Seller, LKQ Corporation, as Servicer, Victory Receivables Corporation, as a Conduit and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as a Financial Institution, as Administrative Agent and as a Managing Agent (incorporated herein by reference to Exhibit 10.2 to the Company’s report on Form 8-K filed with the SEC on October 4, 2012).
10.30	Amendment No. 1 to Receivables Purchase Agreement dated as of September 29, 2014 among LKQ Receivables Finance Company, LLC, as Seller, LKQ Corporation, as Servicer, Victory Receivables Corporation, as a Conduit and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as a Financial Institution, as Administrative Agent and as a Managing Agent (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on October 3, 2014).
10.31	Performance Undertaking, dated as of September 28, 2012 by LKQ Corporation in favor of LKQ Receivables Finance Company, LLC (incorporated herein by reference to Exhibit 10.3 to the Company’s report on Form 8-K filed with the SEC on October 4, 2012).
10.32	Amendment No. 2 to Receivables Purchase Agreement dated as of November 28, 2016 among LKQ Receivables Finance Company, LLC, as Seller, LKQ Corporation, as Servicer, the Conduits, the Purchasers, the Managing Agents and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Administrative Agent (incorporated herein by reference to Exhibit 10.40 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
10.33	Offer Letter to John S. Quinn dated February 12, 2015, as amended (incorporated herein by reference to Exhibit 10.41 to the Company’s report on Form 10-K filed with the SEC on February 25, 2016).
10.34	Services Agreement dated as of February 26, 2015 between LKQ Corporation and John S. Quinn (incorporated herein by reference to Exhibit 10.3 to the Company’s report on Form 8-K filed with the SEC on March 3, 2015).
10.35	Offer Letter to Dominick P. Zarcone dated February 12, 2015 (incorporated herein by reference to Exhibit 10.4 to the Company’s report on Form 8-K filed with the SEC on March 3, 2015).
10.36	Memorandum dated as of May 25, 2017 from Joseph M. Holsten to Dominick P. Zarcone (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on June 5, 2017).
10.37	Share Sale and Purchase Agreement dated as of November 27, 2016 between LKQ Corporation and AxMeko AB, an affiliate of Axel Johnson AB (incorporated herein by reference to Exhibit 10.49 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
10.38	Stock and Asset Purchase Agreement dated as of December 18, 2016 among Vitro Automotive Glass LLC and VIMexico, S.A. de C.V., as Buyers, LKQ PGW Holdings, LLC, Pittsburgh Glass Works, LLC, KPGW European Holdco, LLC, and Pittsburgh Glass Works, ULC, as Sellers, PGW Holdings, LLC, as the Company, LKQ Corporation, Vitro S.A.B. de C.V. and Vitro Assets Corp. (incorporated herein by reference to Exhibit 10.50 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
10.39	Employee Transition Agreement dated as of May 31, 2017 between LKQ Corporation and Robert L. Wagman (incorporated herein by reference to Exhibit 10.2 to the Company's report on Form 8-K filed with the SEC on June 5, 2017).
10.40	Offer letter to Varun Laroyia dated September 5, 2017 (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on September 6, 2017).
10.41	Service Agreement between Euro Car Parts Limited and Sukhpal Singh Ahluwalia dated as of September 7, 2017 (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on September 13, 2017).
10.42	Sale and Purchase Agreement dated as of December 20, 2017 among the Company, LKQ German Holdings GmbH, an indirect wholly-owned subsidiary of the Company, and Stahlgruber Otto Gruber AG, the owners of Stahlgruber GmbH, a company incorporated in Germany.
12.1	Computation of Ratio of Earnings to Fixed Charges.
14.1	LKQ Corporation Code of Ethics (incorporated herein by reference to Exhibit 14.1 to the Company’s report on Form 10-Q filed with the SEC on August 2, 2013).
21.1	List of subsidiaries, jurisdictions and assumed names.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 27, 2018 .

LKQ CORPORATION

By: /s/ DOMINICK ZARCONE

Dominick Zarcone

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 27, 2018 .

Signature	Title
Principal Executive Officer:	
/s/ DOMINICK ZARCONE **Dominick Zarcone**	President and Chief Executive Officer
Principal Financial Officer:	
/s/ VARUN LAROYIA **Varun Laroyia**	Executive Vice President and Chief Financial Officer
Principal Accounting Officer:	
/s/ MICHAEL S. CLARK **Michael S. Clark**	Vice President—Finance and Controller
A Majority of the Directors:	
/s/ SUKHPAL SINGH AHLUWALIA **Sukhpal Singh Ahluwalia**	Director
/s/ A. CLINTON ALLEN **A. Clinton Allen**	Director
/s/ ROBERT M. HANSER **Robert M. Hanser**	Director
/s/ JOSEPH M. HOLSTEN **Joseph M. Holsten**	Director
/s/ BLYTHE J. MCGARVIE **Blythe J. McGarvie**	Director
/s/ PAUL M. MEISTER **Paul M. Meister**	Director
/s/ JOHN F. O'BRIEN **John F. O'Brien**	Director
/s/ GUHAN SUBRAMANIAN **Guhan Subramanian**	Director
/s/ WILLIAM M. WEBSTER, IV **William M. Webster, IV**	Director
/s/ DOMINICK ZARCONE **Dominick Zarcone**	Director

AMENDMENT NO. 2

Dated as of December 1, 2017

to

FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of March 25, 2011,
as amended and restated as of September 30, 2011,
as further amended and restated as of May 3, 2013,
as further amended and restated as of March 27, 2014,
as further amended and restated as of January 29, 2016,

THIS AMENDMENT NO. 2 (this " Amendment ") is made as of December 1, 2017 by and among LKQ Corporation, a Delaware corporation (the " Company "), LKQ Delaware LLP, a Delaware limited liability partnership (the " Canadian Primary Borrower "), LKQ Euro Limited, a company organized under the laws of England and Wales (" LKQ Euro Limited "), LKQ Netherlands B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of The Netherlands (" LKQ Netherlands "), Atracco Group AB, a private limited liability company organized under the laws of the Sweden (" Atracco "), LKQ Jersey Finance 1 Ltd., a private company organized under the laws of Jersey, Channel Islands (" Jersey Finance 1 "), LKQ Jersey Finance 2 Ltd., a private company organized under the laws of Jersey, Channel Islands (" Jersey Finance 2 "), the financial institutions listed on the signature pages hereof and Wells Fargo Bank, National Association, as Administrative Agent (the " Administrative Agent "), under that certain Fourth Amended and Restated Credit Agreement dated as of March 25, 2011, as amended and restated as of September 30, 2011, as further amended and restated as of May 3, 2013, as further amended and restated as of March 27, 2014, as further amended and restated as of January 29, 2016, among the Company, the Canadian Primary Borrower, LKQ Euro Limited, LKQ Netherlands, Atracco, the other Subsidiary Borrowers from time to time party thereto (collectively with the Company, the Canadian Primary Borrower, LKQ Euro Limited, LKQ Netherlands, Atracco, Jersey Finance 1 and Jersey Finance 2, the " Borrowers "), the Lenders and the Administrative Agent (as further amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Borrowers have requested that the requisite Lenders and the Administrative Agent agree to certain amendments and other modifications to the Credit Agreement; and

WHEREAS, the Borrowers, the Lenders party hereto and the Administrative Agent have so agreed on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto have agreed to enter into this Amendment.

1. Amendments to the Credit Agreement . From and after the Signing Date, the parties hereto agree to amend the Credit Agreement as follows:

(a) The first recital of the Credit Agreement is amended and restated in its entirety as follows:

FOURTH AMENDED AND RESTATED CREDIT AGREEMENT (this " Agreement ") dated as of March 25, 2011, as amended and restated as of September 30, 2011, as further amended and restated as of May 3, 2013, as further amended and restated as of March 27, 2014, as further amended and restated as of January 29, 2016, among LKQ CORPORATION, LKQ DELAWARE LLP, the SUBSIDIARY BORROWERS from time to time party hereto, the LENDERS from time to time party hereto, WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, BANK OF AMERICA, N.A. and THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as Syndication Agents, and CITIZENS BANKS, N.A., SUNTRUST BANK, COMPASS BANK, PNC BANK, NATIONAL ASSOCIATION, HSBC BANK USA, NATIONAL ASSOCIATION and TD BANK, N.A., as Documentation Agents.

(b) The definition of "Additional Term Loan Percentage" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.24" appearing therein with "Section 2.25".

(c) The definition of "Additional Term Loans" set forth in Section 1.01 of the Credit Agreement is amended to (i) replace the phrase "Restatement Effective Date" appearing therein with the phrase "Amendment No. 2 Effective Date" and (ii) to insert the following sentence at the end thereof:

As of the Amendment No. 2 Effective Date, there are no outstanding Additional Term Loans.

(d) The definition of "Commitment" set forth in Section 1.01 of the Credit Agreement is amended to (i) replace the phrase "Restatement Effective Date" appearing in the second sentence thereof with the phrase "Amendment No. 2 Effective Date" and (ii) replace the phrase "the Amendment No. 1 Effective Date" appearing in the second sentence thereof with "September 30, 2017".

(e) The definition of "Dollar Tranche Commitment" set forth in Section 1.01 of the Credit Agreement is amended to replace the phrase "Restatement Effective Date" appearing in the second sentence thereof with the phrase "Amendment No. 2 Effective Date".

(f) The definition of "Dollar Tranche Percentage" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.24" appearing therein with "Section 2.25".

(g) The definition of "Domestic Subsidiary Borrower" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.23" appearing therein with "Section 2.24".

(h) The definition of "Eligible Foreign Subsidiary" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.23" appearing therein with "Section 2.24".

(i) The definition of "Incremental US Term Loan Percentage" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.24" appearing therein with "Section 2.25".

(j) The definition of "Incremental US Term Loans" set forth in Section 1.01 of the Credit Agreement is amended to replace the phrase "on the Amendment No. 1 Effective Date" appearing in the second sentence thereof with the phrase "as of September 30, 2017".

(k) The definition of "Initial Term Loan Percentage" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.24" appearing therein with "Section 2.25".

(l) The definition of "Initial Term Loans" set forth in Section 1.01 of the Credit Agreement is amended to replace the second sentence thereof in its entirety with the following:

"As of the Amendment No. 2 Effective Date, there are no outstanding Initial Term Loans."

(m) The definition of "Multicurrency Tranche Commitment" set forth in Section 1.01 of the Credit Agreement is amended to replace the phrase "Restatement Effective Date" appearing in the second sentence thereof with the phrase "Amendment No. 2 Effective Date".

(n) The definition of "Multicurrency Tranche Percentage" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.24" appearing therein with "Section 2.25".

(o) The definition of "Permitted Seller Debt" set forth in Section 1.01 of the Credit Agreement is amended to (i) replace the number "20,000,000" appearing therein with "50,000,000" and (ii) replace the number "125,000,000" appearing therein with the number "250,000,000".

(p) The definition of "Term Loan Percentage" set forth in Section 1.01 of the Credit Agreement is amended to replace the reference to "Section 2.24" appearing therein with "Section 2.25".

(q) Section 1.01 of the Credit Agreement is amended to amend and restate the applicable definitions or add the relevant new definitions thereto in the appropriate alphabetical order, as the case may be, as set forth below:

" Acquisition " means the purchase or other acquisition of Property and assets or businesses of any Person or of assets constituting a business unit, a line of business or division of such Person, or Capital Stock in a Person that, upon the consummation thereof, will be, or will be part of, a Subsidiary of the Company (including as a result of a merger, amalgamation or consolidation).

" Amendment No. 2 " means Amendment No. 2 to Fourth Amended and Restated Credit Agreement dated as of the Amendment No. 2 Effective Date among the Borrowers, the Subsidiary Guarantors party thereto, the Lenders party thereto, the Issuing Banks, the Swingline Lender and the Administrative Agent.

" Amendment No. 2 Effective Date " means December 1, 2017.

" Applicable Rate " means, for any day, with respect to any Eurocurrency Loan, any LIBOR Market Rate Loan, any BA Equivalent Loan, any ABR Loan or any Canadian Base Rate Loan or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency/LIBOR Market Rate/BA Equivalent

Spread", "ABR/Canadian Base Rate Spread" or "Commitment Fee Rate", as the case may be, based upon the Net Leverage Ratio applicable on such date:

	Net Leverage Ratio:	Eurocurrency / LIBOR Market Rate / BA Equivalent Spread	ABR / Canadian Base Rate Spread	Commitment Fee
Category 1:	≤ 1.25 to 1.00	1%	—%	0.175%
Category 2:	> 1.25 to 1.00 but ≤ 2.00 to 1.00	1.25%	0.25%	0.200%
Category 3:	> 2.00 to 1.00 but ≤ 2.75 to 1.00	1.5%	0.5%	0.250%
Category 4:	> 2.75 to 1.00 but ≤ 3.50 to 1.00	1.75%	0.75%	0.300%
Category 5:	> 3.50 to 1.00 but ≤ 4.00 to 1.00	2.00%	1.00%	0.350%
Category 6:	> 4.00 to 1:00	2.25%	1.25%	0.400%

For purposes of the foregoing,

(i) if at any time the Company fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Category 6 shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Category shall be determined in accordance with the table above as applicable;

(ii) adjustments, if any, to the Category then in effect shall be effective (x) three (3) Business Days after the Administrative Agent has received the applicable Financials or (y) five (5) Business Days after the Administrative Agent has received the applicable pro forma financial statements delivered in connection with the consummation of any Specified Acquisition (the "Specified Acquisition Pro Forma Financials "), as applicable (it being understood and agreed that each change in Category shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change); and

(iii) notwithstanding the foregoing, Category 2 shall be deemed to be applicable until the earlier of (x) three (3) Business Days after the Administrative Agent's receipt of the Financials for the Company's fiscal quarter ending March 31, 2016 and (y) five (5) Business Days after the Administrative Agent's receipt of the Specified Acquisition Pro Forma Financials in respect of the first Specified Acquisition consummated after the Restatement Effective Date, and, in each case of clauses (x) and (y), adjustments to the Category then in effect shall thereafter be effected in accordance with the preceding paragraphs.

" Documentation Agent " means each of Citizens Bank, N.A., SunTrust Bank, Compass Bank, PNC Bank, National Association, HSBC Bank USA, National Association and TD Bank, N.A. in its capacity as a documentation agent for the credit facilities evidenced by this Agreement.

" Excluded Non-Wholly Owned Subsidiary " has the meaning assigned to such term in Section 5.09(g).

" Excluded Property " means the collective reference to:

(i) all Deposit Accounts, Securities Accounts and motor vehicles of the Company and its Subsidiaries;

(ii) 35% of the Equity Interests of any Affected Foreign Subsidiary and 100% of the Equity Interests of any Subsidiary that is owned by an Affected Foreign Subsidiary;

(iii) the assets of any Affected Foreign Subsidiary;

(iv) the assets of any Excluded Acquired Subsidiary;

(v) all real property of the Company and its Subsidiaries;

(vi) any lease, license or other agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement, or creates a right of termination in favor of any other party thereto (other than the Company or its Subsidiaries), until such time as any necessary waiver or consent has been obtained (other than (x) proceeds and receivables thereof, the assignment of which is expressly deemed effective under the UCC notwithstanding such prohibition, (y) to the extent that any such term has been waived or (z) to the extent any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408, 9-409 or other applicable provisions of the UCC of any relevant jurisdiction or any other applicable law); provided that, immediately upon the ineffectiveness, lapse or termination of any such express term (including by the grant of consent, approval or waiver from the applicable third party), such assets shall automatically cease to constitute "Excluded Property";

(vii) Equity Interests in (x) any Excluded Non-Wholly Owned Subsidiary and (y) any other Person (other than Subsidiaries) to the extent not permitted by customary terms in such Person's organizational or joint venture documents without the consent of a third party who owns Equity Interest in such Person which consent has not been obtained; provided that, immediately upon the ineffectiveness (other than due to Section 9-406, 9-407, 9-408, 9-409 or other applicable provisions of the UCC of any relevant jurisdiction), lapse or termination of any such prohibitions (including by the grant of consent or other approval from the applicable third party), such assets shall automatically cease to constitute "Excluded Property";

(viii) assets in respect of which pledges and security interests are prohibited by applicable law, rule or regulation or agreements with any Governmental Authority and approval or authorization from such Governmental Authority has not been obtained (other than to the extent that such prohibition would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408, 9-409 or other applicable provisions of the UCC of any relevant jurisdiction or any other applicable law); provided that, immediately upon the ineffectiveness, lapse or termination of any such prohibitions (including

by the grant of consent, license or other approval from the applicable Governmental Authority), such assets shall automatically cease to constitute "Excluded Property"; and

(ix) any "intent-to-use" application for registration of a trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a "Statement of Use" pursuant to Section 1(d) of the Lanham Act of an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act with respect thereto, solely to the extent, if any, that and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law;

provided that, "Excluded Property" shall not include any proceeds, products, substitutions or replacements of Excluded Property (unless such proceeds, products, substitutions or replacements would otherwise constitute Excluded Property).

" Foreign Subsidiary Borrower " means (i) any Canadian Borrower, (ii) any UK Borrower, (iii) any Dutch Borrower, (iv) any Swedish Borrower, (v) any Jersey Borrower and (vi) any other Eligible Foreign Subsidiary that becomes a Foreign Subsidiary Borrower pursuant to Section 2.24 and that has not ceased to be a Foreign Subsidiary Borrower pursuant to such Section.

" Incremental Amount " means, at any time (x) if the Senior Secured Leverage Ratio, at the time of incurrence of any Incremental Increase, Incremental Term Loan or Incremental Equivalent Debt, as the case may be, and after giving effect thereto on a Pro Forma Basis, is greater than 3.00 to 1.00 (assuming for purposes of such calculation that all Revolving Commitments are fully drawn), an amount not to exceed the excess, if any, of (a) $700,000,000 over (b) the aggregate principal amount of all Incremental Equivalent Debt, Incremental Term Loans and increases in Revolving Commitments established prior to such time and on or after the Amendment No. 2 Effective Date pursuant to Sections 2.20 and 2.21 (excluding the increase in Revolving Commitments made pursuant to Amendment No. 2) and (y) if the Senior Secured Leverage Ratio, at the time of incurrence of any Incremental Increase, Incremental Term Loan or Incremental Equivalent Debt, as the case may be, and after giving effect thereto on a Pro Forma Basis, is less than or equal to 3.00 to 1.00 (assuming for purposes of such calculation that all Revolving Commitments are fully drawn), an unlimited amount.

" Incremental Equivalent Debt " has the meaning assigned to such term in Section 2.21.

" Incremental Increase " has the meaning assigned to such term in Section 2.20.

" Jersey Borrower " means (i) LKQ Jersey Finance 1 Ltd., a private company organized under the laws of Jersey, Channel Islands and (ii) LKQ Jersey Finance 2 Ltd., a private company organized under the laws of Jersey, Channel Islands.

" LIBO Rate " means, subject to the implementation of a Replacement Rate in accordance with Section 2.14(c),

(i) with respect to any Eurocurrency Borrowing denominated in any Agreed Currency (other than a Non-LIBOR Quoted Currency) for any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page or LIBOR02 Page (or on any successor or substitute page of such page providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in the relevant Agreed Currency in the London interbank market) at

approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for deposits in the relevant Agreed Currency with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the " LIBO Rate " with respect to such Eurocurrency Borrowing denominated in such Agreed Currency (other than a Non-LIBOR Quoted Currency) for such Interest Period shall be determined by the Administrative Agent to be the arithmetic average of the rate per annum at which deposits in the applicable Agreed Currency (other than a Non-LIBOR Quoted Currency) would be offered by first class banks in the London interbank market to the Administrative Agent and for a maturity comparable to such Interest Period at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period;

(ii) with respect to any Eurocurrency Borrowing denominated in Australian Dollars for any Interest Period, the rate per annum equal to the Australian Bank Bill Swap Bid Rate or the successor thereto as approved by the Administrative Agent as published by Bloomberg (or on any successor or substitute service providing rate quotations comparable to those currently provided by such service, as determined by the Administrative Agent from time to time) at approximately 10:00 a.m., Sydney, Australia time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for deposits in Australian Dollars with a maturity comparable to such Interest Period; provided that if such rate is not available at such time for any reason, the Administrative Agent may substitute such rate with a reasonably acceptable alternative published interest rate that adequately reflects the all-in-cost of funds to the Administrative Agent for funding such Eurocurrency Borrowings in Australian Dollars;

(iii) with respect to any Eurocurrency Borrowing denominated in Swedish Krona for any Interest Period, the rate per annum equal to the Stockholm Interbank Offered Rate or the successor thereto as approved by the Administrative Agent as published by NASDAQ OMX (or on any successor or substitute service providing rate quotations comparable to those currently provided by such service, as determined by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for deposits in Swedish Krona with a maturity comparable to such Interest Period; provided that if such rate is not available at such time for any reason, the Administrative Agent may substitute such rate with a reasonably acceptable alternative published interest rate that adequately reflects the all-in-cost of funds to the Administrative Agent for funding such Eurocurrency Borrowings in Swedish Krona;

(iv) with respect to any Eurocurrency Borrowing denominated in Norwegian Krone for any Interest Period, the rate per annum equal to the Norwegian Interbank Offered Rate or the successor thereto as approved by the Administrative Agent as published by Oslo Børs (or on any successor or substitute service providing rate quotations comparable to those currently provided by such service, as determined by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for deposits in Norwegian Krone with a maturity comparable to such Interest Period; provided that if such rate is not available at such time for any reason, the Administrative Agent may substitute such rate with a reasonably acceptable alternative published interest rate that adequately reflects the all-in-cost of funds to the Administrative Agent for funding such Eurocurrency Borrowings in Norwegian Krone; and

(v) with respect to any Eurocurrency Borrowing denominated in Mexican Pesos for any Interest Period, the rate per annum equal to the 28-day Mexican Interbank Equilibrium Interest Rate

(*Tasa de Interes Interbancaria de Equilibrio*) or the successor thereto as approved by the Administrative Agent as published by Banco de México on the Federal Official Gazzette (*Diario Oficial de la Federación*) two (2) Business Days prior to the commencement of such Interest Period; provided that if such rate is not available at such time for any reason, the Administrative Agent may substitute such rate with a reasonably acceptable alternative published interest rate that adequately reflects the all-in-cost of funds to the Administrative Agent for funding such Eurocurrency Borrowings in Mexican Pesos.

For the avoidance of doubt, and notwithstanding the foregoing, (x) if any LIBO Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement and (y) unless otherwise specified in any amendment to this Agreement entered into in accordance with Section 2.14(c), in the event that a Replacement Rate with respect to the LIBO Rate is implemented then all references herein to the LIBO Rate shall be deemed references to such Replacement Rate. Each calculation by the Administrative Agent of LIBOR shall be conclusive and binding for all purposes, absent manifest error. It is understood and agreed that all of the terms and conditions of this definition of "LIBO Rate" shall be subject to Section 2.14.

" November 2017 Acquisition " means the acquisition disclosed to the Administrative Agent and the Lenders prior to the Amendment No. 2 Effective Date.

" November 2017 Acquisition Agreement " means the Sale and Purchase Agreement in the form delivered to the Administrative Agent prior to the Amendment No. 2 Effective Date, including all exhibits, schedules and annexes thereto upon the execution thereof, as amended, supplemented or otherwise modified in accordance with Section 6.07(n).

" Pari Passu Intercreditor Agreement " shall mean, with respect to any Incremental Equivalent Debt, a " *pari passu* " intercreditor agreement among the Administrative Agent and one or more Senior Representatives for the holders of such Incremental Equivalent Debt (to the extent secured by any Lien on any assets of any Loan Party ranking *pari passu* with the Liens securing the Secured Obligations), in form and substance reasonably satisfactory to the Administrative Agent.

" Permitted Acquisition " means any Acquisition permitted pursuant to Sections 6.07(h), (k) or (n); provided that, notwithstanding anything in this Agreement to the contrary, the November 2017 Acquisition shall not constitute a "Permitted Acquisition" for purposes of the provisos to Sections 6.18(a)(i) and 6.18(a)(ii).

" Permitted Other Debt Conditions " shall mean, with respect to any Indebtedness (" Subject Indebtedness "), the following conditions:

(i) if such Subject Indebtedness is secured by any Lien on the Collateral ranking *pari passu* in right of security with the Liens securing the Secured Obligations, a Senior Representative validly acting on behalf of the holders of such Subject Indebtedness shall have become party to a Pari Passu Intercreditor Agreement;

(ii) if such Subject Indebtedness is secured by any Lien on the Collateral ranking junior in right of security to the Liens securing the Secured Obligations, a Senior Representative validly acting on behalf of the holders of such Subject Indebtedness shall have become party to a junior lien intercreditor agreement in form and substance reasonably satisfactory to the Administrative Agent

(iii) if such Subject Indebtedness is subordinated in right of payment to the Secured Obligations, such Subject Indebtedness shall be subject to a subordination agreement (or, alternatively, terms in the definitive documentation for such Subject Indebtedness) reasonably acceptable to the Administrative Agent;

(iv) such Subject Indebtedness shall not be subject to any mandatory prepayment provisions or similar rights (except, in the case of any such Subject Indebtedness that is secured on a pari passu basis with the Secured Obligations arising under Term Loans that are secured on a pari passu basis, to the extent any such mandatory prepayment is required to be applied on a pro rata or a less than pro rata basis as compared to the Term Loans);

(v) such Subject Indebtedness shall not mature (or, in the case of Subject Indebtedness in the form of notes, have mandatory redemption features (other than (x) subject to the foregoing clause (iv), customary asset sale, insurance and condemnation proceeds events, (y) customary "AHYDO catch up" payments and (z) customary change of control offers or events of default) that could result in a redemption or other mandatory prepayment of such Subject Indebtedness) prior to the Maturity Date in effect at the time such Subject Indebtedness is incurred; provided , however, that, if such Subject Indebtedness is secured by Liens on the Collateral ranking junior in right of security to the Liens securing the Secured Obligations or is unsecured, then, notwithstanding the foregoing, such Subject Indebtedness shall not mature (or, in the case of Subject Indebtedness in the form of notes, have mandatory redemption features (other than (x) subject to the foregoing clause (iv), customary asset sale, insurance and condemnation proceeds events, (y) customary "AHYDO catch up" payments and (z) customary change of control offers or events of default) that could result in a redemption or other mandatory prepayment of such Subject Indebtedness) prior to the date that is ninety-one (91) days after the Maturity Date in effect at the time such Subject Indebtedness is incurred;

(vi) such Subject Indebtedness shall not have a Weighted Average Life to Maturity equal to or shorter than the Weighted Average Life to Maturity of the then outstanding Term Loans; provided , however, that, if such Subject Indebtedness is secured by Liens on the Collateral ranking junior in right of security to the Liens securing the Secured Obligations or is unsecured, then, notwithstanding the foregoing, such Subject Indebtedness shall not have a Weighted Average Life to Maturity equal to or shorter than the Weighted Average Life to Maturity of the then outstanding Term Loans plus ninety-one (91) days;

(vii) such Subject Indebtedness shall not be guaranteed by any person other than the Subsidiary Guarantors;

(viii) to the extent secured by any Lien, such Subject Indebtedness shall not be secured by any Lien on any assets other than the Collateral; and

(ix) such Subject Indebtedness shall be subject to terms and conditions (other than with respect to pricing, fees, rate floors and, subject to clause (iv) above, prepayment terms) either consistent with or (taken as a whole) no more favorable to the lenders or holders providing such Subject Indebtedness, than those applicable to the Term Loans, in the case of Subject Indebtedness which is secured by Liens on the Collateral ranking pari passu with the Liens securing the Secured Obligations (as jointly and reasonably determined by the Borrowers and the Administrative Agent) (except for more favorable covenants or other provisions (a) conformed (or added) in the Loan Documents, for the benefit of the Lenders, pursuant to an amendment thereto subject solely to the

reasonable satisfaction of the Administrative Agent or (b) applicable only to periods after the Maturity Date in effect at the time of the issuance or incurrence of such Subject Indebtedness; provided that, to the extent any financial maintenance covenant is added for the benefit of any such Subject Indebtedness, no consent shall be required by the Administrative Agent or any of the Lenders if such financial covenant is either (x) also added to this Agreement or (y) only applicable after the Maturity Date in effect at the time of the issuance or incurrence of such Subject Indebtedness;

provided that, notwithstanding the foregoing, any Subject Indebtedness ranking pari passu in right of payment and security with the Term Loans may participate on a pro rata basis or on less than a pro rata basis (but not greater than pro rata basis) as compared to the Term Loans in any voluntary or mandatory prepayments hereunder.

" Permitted Refinancing " means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended, except by an amount equal to any unpaid accrued interest and premium thereon, plus other reasonable amounts paid to any Person (other than any Affiliate of the Company), and reasonable fees and expenses incurred and payable to any Person (other than any Affiliate of the Company), in connection with such modification, refinancing, refunding, renewal or extension, (b) after giving effect to such modification, refinancing, refunding, renewal or extension, such Indebtedness has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or longer than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended, (c) at the time thereof, no Event of Default shall have occurred and be continuing or would result therefrom, (d) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Secured Obligations (or is secured by Liens junior to the Liens securing the Secured Obligations), such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Secured Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the subordination of the Indebtedness being modified, refinanced, refunded, renewed or extended (and, to the extent applicable, has Liens equally junior to the Liens securing the Secured Obligations or is unsecured), in each case, as reasonably determined by the Administrative Agent, (e) no Loan Party shall be an obligor or guarantor of any such refinancings, replacements, refundings, renewals or extensions except to the extent that such Person was such an obligor or guarantor in respect of the applicable Indebtedness being modified, refinanced, refunded, renewed or extended and (f) such Permitted Refinancing shall satisfy the Permitted Other Debt Conditions.

" Replacement Rate " has the meaning set forth in Section 2.14(c).

" Senior Representative " means, with respect to any Incremental Equivalent Debt, the trustee, the sole lender, administrative agent, collateral agent, security agent or similar agent under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

" Syndication Agent " means each of Bank of America, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. in its capacity as a syndication agent for the credit facilities evidenced by this Agreement.

(r) Section 1.04 of the Credit Agreement is amended to (a) replace the word "and" appearing after the phrase "as defined therein" appearing at the end of clause (i) with a comma (",") and (b) insert the following clause immediately prior to the period at the end of the section:

and (iii) without giving effect to any changes in GAAP occurring after the Amendment No. 2 Effective Date, the effect of which would be to cause leases which would be treated as operating leases under GAAP as of the Amendment No. 2 Effective Date to be treated as capital leases under GAAP

(s) The Credit Agreement is amended to add the following new Section 1.07 immediately following Section 1.06 thereof:

SECTION 1.07. Rates . The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "LIBO Rate" or "LIBOR Market Index Rate".

(t) Section 2.14 of the Credit Agreement is amended to:

(i) replace the word "If" appearing at the beginning of clause (a) thereof with the following:

Unless and until a Replacement Rate is implemented in accordance with clause (c) below, if

(ii) replace the phrase "Eurodollar Rate Loans" appearing at the end of the second sentence of clause (b) with the phrase "Loans"; and

(iii) insert the following new clause (c) immediately following the end of clause (b) therein:

(c) Notwithstanding anything to the contrary in Section 2.14(a) above, if the Administrative Agent has made the determination (such determination to be conclusive absent manifest error) that (i) the circumstances described in Section 2.14(a)(i) have arisen with respect to Eurocurrency Borrowings and that such circumstances are unlikely to be temporary, (ii) any applicable interest rate specified herein is no longer a widely recognized benchmark rate for newly originated loans in the U.S. syndicated loan market in the applicable currency or (iii) the applicable supervisor or administrator (if any) of any applicable interest rate specified herein or any Governmental Authority having or purporting to have jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which any applicable interest rate specified herein shall no longer be used for determining interest rates for loans in the U.S. syndicated loan market in the applicable currency, then the Administrative Agent may, to the extent practicable (in consultation with the Company and as determined by the Administrative Agent to be generally in accordance with similar situations in other transactions in which it is serving as administrative agent or otherwise consistent with market practice generally), establish a replacement interest rate (the " Replacement Rate "), in which case, the Replacement Rate shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Loan Documents unless and until (A) an event described in Section 2.14(a)(i) (with respect to Eurocurrency Borrowings), (c)(i), (c)(ii) or (c)(iii) occurs with respect to the Replacement Rate or (B) the

Administrative Agent (or the Required Lenders through the Administrative Agent) notifies the Company that the Replacement Rate does not adequately and fairly reflect the cost to the Lenders of funding the Loans bearing interest at the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Loan Documents shall be amended solely with the consent of the Administrative Agent and the Company, as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.14(c). Notwithstanding anything to the contrary in this Agreement or the other Loan Documents (including, without limitation, Section 9.02), (x) the Administrative Agent and the Company may, without the consent of any Lender or any other Borrower, enter into amendments or modifications to this Agreement or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to implement any Replacement Rate or otherwise effectuate the terms of Section 2.14(c) in accordance with the terms of this Section 2.14(c) and (y) such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the delivery of such amendment to the Lenders, a written notice signed by Lenders constituting Required Lenders stating that such Lenders object to such amendment (which such notice shall note with specificity the particular provisions of the amendment to which such Lenders object). To the extent the Replacement Rate is approved by the Administrative Agent in connection with this clause (c), the Replacement Rate shall be applied in a manner consistent with market practice.

(u) Section 2.19(b) of the Credit Agreement is amended to replace the reference to "Section 2.23(b)(i)" in the first clause (iv) therein with "Section 2.24(b)(i)".

(v) The first sentence of Section 2.20 of the Credit Agreement is amended and restated in its entirety as follows:

The Borrowers may from time to time elect to increase (an " Incremental Increase ") the total Dollar Tranche Commitments or the total Multicurrency Tranche Commitments or enter into one or more tranches of term loans (each an " Incremental Term Loan "), in each case in minimum increments of $10,000,000 so long as, after giving effect thereto, the aggregate amount of such increases and all such Incremental Term Loans (other than the Incremental US Term Loans) plus the aggregate principal amount of all Incremental Equivalent Debt incurred on or prior to such date does not exceed the Incremental Amount then in effect.

(w) The Credit Agreement is amended to add the following new Section 2.21 immediately following Section 2.20 thereof:

SECTION 2.21. Incremental Equivalent Debt . The Borrowers may, upon thirty (30) days' prior written notice to the Administrative Agent, at any time after the Amendment No. 2 Effective Date, issue, incur or otherwise obtain Indebtedness in respect of one or more series of senior or subordinated notes or term loans (which may be unsecured or secured on a junior lien basis or a pari passu basis with the Secured Obligations), and, in the case of notes, issued in a public offering, Rule 144A or other private placement or bridge in lieu of the foregoing, in each case, that are issued or made in lieu of an Incremental Increase and/or Incremental Term Loans (any such Indebtedness, " Incremental Equivalent Debt "); provided that (a) after giving effect (including on a Pro Forma Basis) to both (x) the issuance or incurrence of such Incremental Equivalent Debt (assuming a borrowing of the maximum credit thereunder and without netting the proceeds of such Incremental Equivalent Debt)

and (y) the transactions consummated in connection therewith, (i) the aggregate amount of all Incremental Increases, Incremental Term Loans and Incremental Equivalent Debt incurred on or prior to such date does not exceed the Incremental Amount then in effect, (ii) no Default or Event of Default shall have occurred and be continuing or would exist immediately after giving effect to such incurrence and (iii) the Company shall be in compliance with the covenants contained in Section 6.18 and (b) such Incremental Equivalent Debt shall satisfy the Permitted Other Debt Conditions.

(x) Section 2.21 of the Credit Agreement is re-numbered to become Section 2.22.

(y) Section 2.22 of the Credit Agreement is re-numbered to become Section 2.23.

(z) Section 2.23 of the Credit Agreement is (i) re-numbered to become Section 2.24 and (ii) amended to replace the reference to "Section 2.23(b)" appearing in clause (a) therein with "Section 2.24(b)".

(aa) Section 2.24 of the Credit Agreement is (i) re-numbered to become Section 2.25, (ii) amended to replace the reference to "Section 2.24(c)" appearing in clause (d) thereof with "Section 2.25(c)" and (iii) amended to replace the reference to "Section 2.24(c)(i)" appearing in clause (d) thereof with "Section 2.25(c)(i)".

(bb) Section 4.03 of the Credit Agreement is amended to replace the reference to "Section 2.23" appearing therein with "Section 2.24".

(cc) Section 5.09(a) of the Credit Agreement is amended and restated in its entirety as follows:

(a) Concurrently with or prior to any delivery of a Compliance Certificate pursuant to Section 5.02(b) in respect of the first full fiscal quarter of the Company ending after the acquisition of any Property, the Company will, and will cause each of its Subsidiaries (other than any Receivables Entity and any Excluded Acquired Subsidiary and any Excluded Non-Wholly Owned Subsidiary) to, during a Collateral Period, with respect to any Property of any Loan Party (other than (x) any Excluded Property, (y) any Property described in paragraphs (b) or (c) of this Section, and (z) any Property subject to a Lien expressly permitted by Section 6.02(g)) as to which the Administrative Agent, for the benefit of the Secured Parties, does not have a perfected Lien, (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a security interest in such Property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in such Property, including without limitation, the filing of UCC and PPSA financing statements (or similar filings), as applicable, in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent.

(dd) Section 5.09(b) of the Credit Agreement is amended and restated in its entirety as follows:

(b) Concurrently with or prior to any delivery of a Compliance Certificate pursuant to Section 5.02(b) in respect of the first full fiscal quarter of the Company ending after the acquisition or creation of any new Domestic Subsidiary, or the designation of any Domestic Subsidiary as a Subsidiary Guarantor pursuant to Section 5.09(g)(vi), the Company will, and will cause each of its Subsidiaries (other than any Receivables Entity and any Excluded Acquired Subsidiary and any Excluded Non-Wholly Owned Subsidiary) to, with respect to any such designated Domestic Subsidiary or any such new Domestic Subsidiary (other than any Receivables Entity and any Excluded Acquired Subsidiary and any Excluded Non-Wholly Owned Subsidiary) created or acquired after the Original Effective Date by any Loan Party, (i) during a Collateral Period, execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such Subsidiary (other than Excluded Property) that is owned by any Loan Party, (ii) during a Collateral Period, deliver to the Administrative Agent the certificates representing such Capital Stock (other than Excluded Property), together with undated transfer powers, in blank, executed and delivered by a duly authorized officer of the Company or such Subsidiary, as the case may be, (iii) cause such Domestic Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and (B) during a Collateral Period, to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Secured Parties a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such Subsidiary (including, without limitation, the recording of instruments in the United States Patent and Trademark Office and the United States Copyright Offices or the Canadian Intellectual Property Office), the execution and delivery by all necessary persons of control agreements, and the filing of UCC or PPSA financing statements (or similar filings), as applicable, in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent, and (iv) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(ee) Section 5.09(c) of the Credit Agreement is amended and restated in its entirety as follows:

(c) Concurrently with or prior to any delivery of a Compliance Certificate pursuant to Section 5.02(b) in respect of the first full fiscal quarter of the Company ending after the acquisition or creation of any new Foreign Subsidiary, or the designation of any Foreign Subsidiary as a Subsidiary Guarantor pursuant to Section 5.09(g)(vi), the Company will, and will cause each of its Subsidiaries (other than any Receivables Entity and any Excluded Acquired Subsidiary and any Excluded Non-Wholly Owned Subsidiary) to, with respect to any such designated Foreign Subsidiary or any such new Foreign Subsidiary (other than any Receivables Entity and any Excluded Acquired Subsidiary and any Excluded Non-Wholly Owned Subsidiary) created or acquired after the Original Effective Date by any Loan Party, (i) during a Collateral Period, execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent deems necessary or advisable in order to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Applicable Pledge Percentage of the Capital Stock of such Subsidiary (other than Excluded

Property) that is owned by any Loan Party, (ii) during a Collateral Period, deliver to the Administrative Agent the certificates representing such Capital Stock (other than Excluded Property) that has been pledged, together with undated transfer powers, in blank, executed and delivered by a duly authorized officer of such Loan Party and take such other action as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Lien of the Administrative Agent thereon, (iii) if the Company designates such Foreign Subsidiary as a Subsidiary Guarantor, cause such Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and (B) during a Collateral Period, to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Secured Parties a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such Subsidiary (including, without limitation, the recording of instruments in the United States Patent and Trademark Office and the United States Copyright Offices and the Canadian Intellectual Property Office, if applicable), the execution and delivery by all necessary persons of control agreements, and the filing of UCC and PPSA financing statements (or similar filings) in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent, and (iv) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent; provided that a Foreign Subsidiary that becomes a Subsidiary Guarantor may elect to guarantee, or to grant a security interest in its Collateral to secure, only certain Loans and Obligations (or none at all) if such limitation will avoid, and not otherwise have, an adverse tax impact on the Company and its Subsidiaries.

(ff) Section 5.09(g) of the Credit Agreement is amended and restated in its entirety as follows:

(g) Notwithstanding any provision in this Section 5.09 to the contrary, (i) no Canadian Holding Company shall be required to become a Subsidiary Guarantor, (ii) no Receivables Entity shall be required to become a Subsidiary Guarantor, (iii) no UK Borrower shall be required to guarantee or be liable for any Loans other than the Loans of the UK Borrowers nor shall any UK Borrower or any UK Guarantor be required to pledge or grant a security interest on any of their assets to secure any Loans (other than the pledge or grant of a security interest by a UK Borrower or a UK Guarantor of its applicable Equity Interests in its subsidiaries), (iv) no Subsidiary shall be required to become a Subsidiary Guarantor at any time such Subsidiary constitutes an Excluded Acquired Subsidiary, (v) no Loan Party shall be required to pledge or grant a Lien upon any Excluded Property and (vi) the Company may, with respect to any non-Wholly Owned Subsidiary and upon written notice to the Administrative Agent, elect to exclude such non-Wholly Owned Subsidiary from the requirements of Section 5.09(b) or 5.09(c), as the case may be (any such excluded Subsidiary, an " Excluded Non-Wholly Owned Subsidiary "); provided that, if at any time (x) the aggregate amount of Consolidated EBITDA attributable to all Excluded Non-Wholly Owned Subsidiaries exceeds two and one half percent (2.5%) of Consolidated EBITDA (as of the end of the most recent fiscal quarter of the Company, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 5.01(a) or (b)) or (y) the aggregate amount of Consolidated Total Assets attributable to all Excluded Non-Wholly Owned Subsidiaries exceeds $200,000,000 of Consolidated Total Assets (as of the end of the most recent fiscal quarter of the Company for which financial statements have been delivered pursuant to Section 5.01(a) or (b)), then, in each

case, the Company (or, in the event the Company has failed to do so within ten (10) days, the Administrative Agent) shall designate sufficient Excluded Non-Wholly Owned Subsidiaries (other than Receivables Entities and Excluded Acquired Subsidiaries) as Subsidiary Guarantors to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Subsidiary Guarantors and be subject to the requirements set forth in Section 5.09(b) or (c), as the case may be.

(gg) Section 6.01(f) of the Credit Agreement is amended and restated in its entirety as follows:

(f) unsecured senior and/or senior subordinated Indebtedness (other than Permitted Seller Debt) of the Company or a Foreign Subsidiary and the unsecured senior and/or senior subordinated guarantee by any Subsidiary Guarantor hereunder or any Foreign Subsidiary of the Company's or such other Foreign Subsidiary's obligations thereunder; provided that (i) at the time of incurrence of such Indebtedness, such Indebtedness shall have no scheduled amortization and no part of the principal part of such Indebtedness shall have a maturity date earlier than 181 days after the Maturity Date then in effect, (ii) after giving effect to the incurrence of any such Indebtedness, on a Pro Forma Basis, as if such incurrence of Indebtedness, the application of the proceeds thereof and the consummation of any other Specified Transaction occurring since the first day of the Calculation Period then last ended had occurred on the first day of the Calculation Period then last ended, (x) the Company and its Subsidiaries are in compliance with the financial covenants set forth in Section 6.18 for the Calculation Period then last ended and (y) solely in connection with the incurrence of Indebtedness by a Foreign Subsidiary in reliance on this Section 6.01(f), the Net Leverage Ratio for the Calculation Period then last ended does not exceed 3.50 to 1.00, and, in each case, the Company shall have delivered to the Administrative Agent a certificate of a Responsible Officer of the Company to such effect setting forth in reasonable detail the computations necessary to demonstrate compliance with this clause (f)(ii), (iii) at the time of the incurrence of such Indebtedness and after giving effect thereto, no Default or Event of Default shall exist and be continuing, (iv) such Indebtedness contains covenants, events of default, redemption provisions, remedies, subordination provisions (if applicable) and other terms and conditions customary at the time for high yield unsecured senior or senior subordinated securities issued in a public offering or a private placement under Rule 144A of the Securities Act of 1933 (or other comparable laws of the jurisdiction under which such Indebtedness is issued or incurred) and otherwise reasonably acceptable to the Administrative Agent (provided that, in any event, the documentation governing such Indebtedness shall not include a financial maintenance covenant and may only include a "cross acceleration" default to other indebtedness rather than a "cross default"), (v) to the extent that any Foreign Subsidiary shall guarantee any Loan Party's obligations under any such Indebtedness, such Foreign Subsidiary shall become a Subsidiary Guarantor, and (vi) the documentation governing such Indebtedness contains terms that are no more restrictive than the terms applicable to the Indebtedness hereunder;

(hh) Section 6.01(r) of the Credit Agreement is amended to (i) insert roman numeral "(I)" immediately prior to "senior secured Indebtedness" appearing in the first sentence therein, (ii) delete the semi-colon appearing prior to the word "and" in the final sentence thereof, and (iii) add a new clause (II) as follows immediately prior to the period at the end of the section:

(II) Permitted Secured Debt outstanding on the Amendment No. 2 Effective Date and set forth on Schedule 6.01(r)

(ii) Section 6.01 of the Credit Agreement is amended to (i) replace the period appearing at the end of clause (s) with a semi-colon and (ii) add a new clause (t) immediately after clause (s) appearing therein as follows:

(t) Incremental Equivalent Debt (and Permitted Refinancings of such Incremental Equivalent Debt) to the extent permitted under Section 2.21; and

(jj) Section 6.01 of the Credit Agreement is amended to add a new clause (u) immediately following the newly added clause (t) as follows:

(u) unsecured Indebtedness of the Company or any Foreign Subsidiary, and the unsecured senior guarantee by any Subsidiary Guarantor hereunder or any Foreign Subsidiary of the Company's or such other Foreign Subsidiary's obligations thereunder, in each case, incurred to (i) finance the consideration payable in respect of the November 2017 Acquisition and any fees and expenses payable in connection therewith or (ii) refinance any Indebtedness incurred by the Company or such Foreign Subsidiary to so finance the November 2017 Acquisition, so long as the aggregate outstanding principal amount of Indebtedness permitted under this Section 6.01(u), together with any Indebtedness acquired or assumed pursuant to the November 2017 Acquisition and any outstanding Loans the proceeds of which are used to finance the November 2017 Acquisition, does not exceed €1,300,000,000 at any time; provided that, notwithstanding the foregoing, no Indebtedness may be incurred, acquired or assumed in reliance on this Section 6.01(u) if the November 2017 Acquisition shall fail to be consummated in accordance with the requirements of Section 6.07(n).

(kk) Section 6.07 of the Credit Agreement is amended as follows:

(i) to delete the phrase "the greater of (i) $150,000,000 and (ii) an amount equal to" in clause (g) thereof;

(ii) to amend and restate clause (h) thereof as follows:

(h) any Acquisition so long as the following conditions are met for such Acquisition:

(i) the Company and its Subsidiaries shall be in compliance with Section 5.09;

(ii) after giving effect to such purchase or acquisition, the Company and its Subsidiaries shall be in compliance with Section 6.14;

(iii) immediately before and after giving pro forma effect to any such purchase or other acquisition, no Default shall have occurred and be continuing;

(iv) calculations are made by the Company demonstrating (A) compliance with the financial covenants set forth in Section 6.18 and (B) if the maximum Net Leverage Ratio permitted under Section 6.18 at such time is greater than 4.00 to 1.00, that the Net Leverage Ratio is not greater than 0.25 to 1.00 less than the maximum Net Leverage Ratio permitted under Section 6.18 at such time, in each case, for the Calculation Period then last ended and

calculated on a Pro Forma Basis as if the respective Permitted Acquisition (as well as all other Specified Transactions theretofore consummated after the first day of such Calculation Period) had occurred on the first day of such Calculation Period;

(v) all representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects (or in all respects if the applicable representation and warranty is qualified by materiality or Material Adverse Effect) with the same effect as though such representations and warranties had been made on and as of the date of such Permitted Acquisition (both before and after giving effect thereto), unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects (or in all respects if the applicable representation and warranty is qualified by materiality or Material Adverse Effect) as of such earlier date;

(vi) the sum of the (x) aggregate unused portion of the Revolving Commitments at such time (after giving effect to the consummation of the respective Permitted Acquisition and any financing thereof) and (y) the aggregate amount of cash and Cash Equivalents (in each case, free and clear of all Liens, other than nonconsensual Liens permitted by Section 6.02 and Liens in favor of the Administrative Agent pursuant to the Collateral Documents) included in the consolidated balance sheet of the Company and its Subsidiaries as of such date, shall equal or exceed $50,000,000;

(vii) if the Aggregate Consideration to be paid in respect of such purchase of acquisition equals or exceeds $100,000,000, the Company shall have delivered to the Administrative Agent at least five (5) Business Days prior to such acquisition, on behalf of the Lenders, a certificate of a Responsible Officer, certifying that all of the requirements set forth in this Section 6.07(h) have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition and containing the calculations (in reasonable detail) required by preceding clauses (ii), (iv) and (vi); and

(viii) such Permitted Acquisition shall not be hostile and shall have been approved by the board of directors (or other similar body) and/or the stockholders or other equityholders of the target;

(iii) to delete the word “and” appearing at the end of clause (l) thereof;

(iv) to replace the period (“.”) appearing at the end of clause (m) thereof with the phrase “; and”; and

(v) to add a new clause (n) as follows:

(n) the November 2017 Acquisition; provided that the November 2017 Acquisition shall (i) comply with the requirements set forth in clauses (i), (ii), (iii), (iv)(A), (v), (vi) and (vii) of Section 6.07(h), *mutatis mutandis* , (ii) be consummated in accordance with applicable law and in accordance with the terms of the November 2017 Acquisition Agreement, provided that no provision of the November 2017 Acquisition Agreement shall have been waived, amended, supplemented or otherwise modified in any material respect without consent of the Administrative Agent and (iii) be consummated no later than December 31, 2018.

(ll) Section 6.12 of the Credit Agreement is amended and restated in its entirety as follows:

SECTION 6.12. Limitation on Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of the Company or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its Property or revenues, whether now owned or hereafter acquired, to secure the Obligations or, in the case of any Subsidiary Guarantor, its obligations under the Guarantee and Collateral Agreement, other than (a) this Agreement and the other Loan Documents, (b) any agreement described in (and permitted by) clauses (iii), (iv), (v), (vi), (vii) (except to the extent otherwise subject to limitation under clause (e) below), (viii), (ix), (x) and (xii) of Section 6.13, (c) customary restrictions and conditions contained in agreements relating to a Permitted Receivables Facility or a Permitted Factoring Transaction, (d) restrictions and conditions contained in any documents, agreements and instruments evidencing Permitted Secured Debt assumed in connection with a Permitted Acquisition so long as (i) such Permitted Secured Debt is permitted by Section 6.01(r), (ii) such restrictions and conditions are applicable only to the Subsidiaries or Properties acquired pursuant to such Permitted Acquisition and (iii) such restrictions and conditions were not created (or made more restrictive) in connection with or in anticipation of such Permitted Acquisition and (e) agreements containing negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 6.01(f), (g), (j), (n), (p), (s), (t) or (u) but only if such negative pledge or restriction permits Liens for the benefit of the Administrative Agent and the Lenders with respect to the credit facilities established hereunder and the Secured Obligations under the Loan Documents on a senior basis (in an aggregate principal amount equal to at least the aggregate principal Dollar Amount of all Term Loans and the sum of the Revolving Commitments on the date of the incurrence thereof) and without a requirement that such holders of such Indebtedness be secured by such Liens equally and ratably or on a junior basis (except to the extent permitted under Section 2.21 in respect of any Incremental Equivalent Debt).

(mm) Section 6.13 of the Credit Agreement is amended and restated in its entirety as follows:

SECTION 6.13. Limitation on Restrictions on Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay or subordinate any Indebtedness owed to, the Company or any other Subsidiary, (b) make Investments in the Company or any other Subsidiary or (c) transfer any of its assets to the Company or any other Subsidiary, except for (i) any restrictions existing under the Loan Documents, (ii) encumbrances or restrictions under or by reason of applicable law, (iii) customary restrictions and conditions contained in agreements relating to any sale of Property permitted by Section 6.03 or 6.04 pending such sale (including agreements evidencing Indebtedness permitted by Section 6.01(j)), provided such restrictions and conditions apply only to the Property that is to be sold, (iv) any agreement in effect, or entered into, on the Restatement Effective Date and identified on Schedule 6.13, (v) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Company or a Subsidiary of the Company entered into in the ordinary course of business and consistent with past practices, (vi) any encumbrance or restriction under any agreement or instrument governing Permitted Acquired Debt or

Permitted Seller Debt, which encumbrance or restriction is not applicable to any Person or the Properties of any Person, other than the Person or the Properties acquired pursuant to the respective Permitted Acquisition and so long as, in the case of Permitted Acquired Debt, the respective encumbrances or restrictions were not created (or made more restrictive) in connection with or in anticipation of the respective Permitted Acquisition, (vii) customary restrictions contained in any documentation governing Attributable Debt arising in connection with a Permitted Sale-Leaseback Transaction, so long as any such restriction is applicable only to the Property securing such Attributable Debt, (viii) restrictions and conditions on any Foreign Subsidiary by the terms of any Indebtedness of such Foreign Subsidiary permitted to be incurred hereunder (except to the extent otherwise subject to limitation under clause (xii) below), (ix) negative pledges and restrictions on Liens in favor of any holder of secured Indebtedness permitted by Section 6.01(c) or (l) but only to the extent any negative pledges relate to the property financed by or the subject of such Indebtedness (and excluding any Subordinated Indebtedness), (x) on and after the execution and delivery thereof, encumbrances and restrictions contained in the documentation governing any Indebtedness incurred pursuant to Section 6.01(g), (xi) restrictions and conditions contained in any documents, agreements and instruments evidencing Permitted Secured Debt assumed in connection with a Permitted Acquisition so long as (x) such Permitted Secured Debt is permitted by Section 6.01(r), (y) such restrictions and conditions are applicable only to the Subsidiaries or Properties acquired pursuant to such Permitted Acquisition and (z) such restrictions and conditions were not created (or made more restrictive) in connection with or in anticipation of such Permitted Acquisition and (xii) negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 6.01(f), (g), (j), (l), (m), (n), (p), (s), (t) or (u) but only if such negative pledge or restriction permits Liens for the benefit of the Administrative Agent and the Lenders with respect to the credit facilities established hereunder and the Secured Obligations under the Loan Documents on a senior basis (in an aggregate principal amount equal to at least the aggregate principal Dollar Amount of all Term Loans and the sum of the Revolving Commitments on the date of the incurrence thereof) and without a requirement that such holders of such Indebtedness be secured by such Liens equally and ratably or on a junior basis (except to the extent permitted under Section 2.21 in respect of any Incremental Equivalent Debt).

(nn) Section 6.14 of the Credit Agreement is amended to (i) replace the phrase “Restatement Effective Date” appearing therein with the phrase “Amendment No. 2 Effective Date” and (ii) insert the phrase “or ancillary” immediately prior to the word “thereto” appearing at the end of the section.

(oo) Section 6.18(a) of the Credit Agreement is amended and restated in its entirety as follows:

(a) Maximum Net Leverage Ratio . The Company will not permit the ratio (the “ Net Leverage Ratio ”), determined as of the end of each of its fiscal quarters ending on and after March 31, 2016, of (x) Consolidated Net Indebtedness to (y) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Company and its Subsidiaries on a consolidated basis, to be greater than:

(i) 4.00 to 1.00, in the case of any fiscal quarter ending prior to the consummation of the November 2017 Acquisition; provided that, upon prior written notice to the Administrative Agent, the Company may elect to increase the maximum Net Leverage Ratio permitted

under this Section 6.18(a)(i) to no more than 4.50 to 1.00 in connection with any Permitted Acquisition for any period of four consecutive fiscal quarters, commencing with the fiscal quarter in which such Permitted Acquisition was consummated (and for any Calculation Period for purposes of determining the Net Leverage Ratio on a Pro Forma Basis); provided further that the maximum Net Leverage Ratio permitted under this Section 6.18(a)(i) will decrease to 4.00 to 1.00 for at least one fiscal quarter before becoming eligible to increase again to 4.50 to 1.00 for a new period of four consecutive fiscal quarters; and

(ii) (A) 4.50 to 1.00, in the case of the fiscal quarter during which the November 2017 Acquisition is consummated and for each of the three (3) consecutive fiscal quarters ending immediately thereafter, (B) 4.25 to 1.00, in the case of each of the four (4) consecutive fiscal quarters ending immediately after the final fiscal quarter described in the foregoing clause (a)(ii)(A) and (C) 4.00 to 1.00, in the case of each fiscal quarter ending after the final fiscal quarter described in the foregoing clause (a)(ii)(B); provided that, upon prior written notice to the Administrative Agent, the Company may elect to increase the maximum Net Leverage Ratio permitted under this Section 6.18(a)(ii) to no more than 4.50 to 1.00 in connection with one or more Permitted Acquisitions consummated during any period of four consecutive fiscal quarters and having a total Aggregate Consideration for all such Permitted Acquisitions of not less than $250,000,000 (any such Permitted Acquisitions during any period of four consecutive fiscal quarters being collectively referred to as " Material Permitted Acquisitions ") for any period of four consecutive fiscal quarters, commencing with the fiscal quarter in which the most recent of such Material Permitted Acquisitions was consummated (and for any Calculation Period for purposes of determining the Net Leverage Ratio on a Pro Forma Basis); provided further that the maximum Net Leverage Ratio permitted under this Section 6.18(a)(ii) will decrease to the then applicable level for at least one fiscal quarter before becoming eligible to increase again to 4.50 to 1.00 for a new period of four consecutive fiscal quarters.

For purposes of calculating the Net Leverage Ratio, Consolidated EBITDA shall be determined on a Pro Forma Basis in accordance with clause (iii) of the definition of Pro Forma Basis contained herein and Consolidated Net Indebtedness shall be determined on a Pro Forma Basis in accordance with the requirements of the definition of Pro Forma Basis contained herein.

(pp) Section 9.01(a)(i) of the Credit Agreement is amended and restated in its entirety as follows:

(i) if to any Borrower, to it c/o LKQ Corporation, 500 West Madison Street, Suite 2800, Chicago, Illinois 60661, Attention of Varun Laroyia, Executive Vice President and Chief Financial Officer (Facsimile No. (312) 207-1529; Telephone No. (312) 621-2730), with copies (in the case of a notice of Default) to (A) LKQ Corporation, 500 West Madison Street, Suite 2800, Chicago, IL 60611, Attention: Victor Casini (Facsimile: 312-621-2754, Telephone: 312-280-3730), and (B) Sheppard Mullin Richter & Hampton LLP, 70 West Madison Street, 48 th Floor, Chicago, IL 60602, Attention: Kenneth A. Peterson, Jr. (Facsimile: 312-499-4733, Telephone: 312-499-6307);

(qq) Section 9.02(b) of the Credit Agreement is amended to replace the reference to "Section 2.24" appearing in the penultimate sentence thereof with "Section 2.25".

(rr) Section 9.04(b)(ii)(C) of the Credit Agreement is amended and restated in its entirety as follows:

(C) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; provided that, with respect to any assignment entered into pursuant to Section 9.02(e) in respect of any Non-Consenting Lender, (1) such assignment may become effective without the execution or delivery by such Non-Consenting Lender of an Assignment and Assumption (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the applicable Assignment and Assumption are participants) and (2) such Non-Consenting Lender shall be deemed to have consented to and be bound by the terms of such Assignment and Assumption (or such other agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the applicable Assignment and Assumption are participants), in each case, so long as (I) each of the other requirements set forth in Section 9.02(e) for such assignment are satisfied, including, without limitation, the payment in full of all outstanding Obligations owing to such Non-Consenting Lender and (II) such assignment becomes effective immediately prior to the effectiveness of the proposed amendment, waiver or consent requiring the consent of such Non-Consenting Lender; provided further that, following the effectiveness of any assignment described in the foregoing proviso, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Non-Consenting Lender, provided that any such documents shall be without recourse to or warranty by the parties thereto.

(ss) Section 9.09(d) of the Credit Agreement is amended to replace the reference to “Section 2.23” appearing therein with “Section 2.24”.

(tt) The Credit Agreement is amended to add Schedule 6.01(r) thereto in the form attached as Schedule 6.01(r) hereto.

(uu) The eleventh paragraph of Article X of the Credit Agreement is amended and restated in its entirety as follows:

Notwithstanding anything contained in this Agreement (including, without limitation, Article X) to the contrary, (a) no Foreign Subsidiary Borrower shall be liable hereunder for any of the Loans made to, or any other Secured Obligation incurred solely by or on behalf of, any other Borrower or any Subsidiary Guarantor to the extent such liability for such Obligations would make such Foreign Subsidiary Borrower an Affected Foreign Subsidiary, (b) no UK Borrower shall be required to guarantee or be liable for any Loans other than the Loans of the UK Borrowers nor shall any UK Borrower or any UK Guarantor be required to pledge or grant a security interest on any of their assets to secure any Loans (other than the pledge or grant of a security interest by a UK Borrower or a UK Guarantor of its applicable Equity Interests in its subsidiaries) and (c) the obligations and liabilities of any Swedish Borrower in its capacity as a Borrower, guarantor and/or security provider (each a “ Swedish Obligor ”) under the Loan Documents shall be limited, if (and only if) required by the provisions of the Swedish Companies Act (*Sw. Aktiebolagslagen* (2005:551)) regulating distribution of assets (Chapter 17, Section 1-4 (or their equivalents from time to time)) and unlawful loans, security, guarantees and financial assistance (Chapter 21, Section 1-5 (or their equivalents from time to time)), and it is understood that the liability of each Swedish Obligor under the Loan Documents only applies to the extent permitted by the above mentioned provisions of the Swedish

Companies Act, provided that all steps available to each Swedish Obligor and its shareholders to authorize its obligations and liabilities under the Loan Documents have been taken.

2. Extension of Maturity Date; Increase in Multicurrency Tranche Commitments; Reclassification of Term Loans . From and after the Effective Date:

(a) The parties hereto agree to amend the Credit Agreement as follows:

(i) The definition of "Multicurrency Tranche Commitment" set forth in Section 1.01 of the Credit Agreement is amended to (i) replace the phrase "Restatement Effective Date" appearing therein with the phrase "Amendment No. 2 Effective Date" and (ii) replace the number "2,450,000,000" appearing therein with the number "2,750,000,000".

(ii) The definition of "Maturity Date" set forth in Section 1.01 of the Credit Agreement is amended and restated in its entirety to read as follows:

" Maturity Date " means January 29, 2023.

(iii) Section 2.10(a) of the Credit Agreement is amended and restated in its entirety as follows:

(a) Each Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Lender the then unpaid principal amount of each Revolving Loan made to such Borrower on the Maturity Date in the currency of such Loan and (ii) in the case of the Company, to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15 th or last day of a calendar month and is at least two (2) Business Days after such Swingline Loan is made; provided that on each date that a Dollar Tranche Revolving Borrowing is made, the Company shall repay all Swingline Loans then outstanding. With respect to the Term Loans, the Company shall repay the Incremental US Term Loans then owing by the Company on the last day of (x) each fiscal quarter of the Company ending on or after March 31, 2018 but on or prior to December 31, 2018 in the aggregate principal amount equal to $4,405,000 for each such fiscal quarter and (y) each fiscal quarter of the Company ending on or after March 31, 2019 in the aggregate principal amount equal to $8,810,000 for each such fiscal quarter, in each case, as adjusted from time to time pursuant to Section 2.11(a). To the extent not previously repaid, all unpaid Term Loans then owing by the applicable Borrower shall be paid in full in the same currency of such Term Loan by such Borrower on the Maturity Date.

(iv) Schedule 2.01 to the Credit Agreement is amended and restated in its entirety as set forth on Schedule 2.01 attached hereto.

(b) Each of the Borrowers, the Administrative Agent, each Issuing Bank, the Swingline Lender, the Augmenting Lender (as defined below) and each Increasing Lender (as defined below) hereby agrees as follows:

(i) Pursuant to Section 2.20 of the Credit Agreement, Credit Suisse AG, Cayman Islands Branch (the "Augmenting Lender") and each of the applicable Lenders party to this Amendment agrees, subject to the terms and conditions of the Credit Agreement, that on the Effective Date it shall have a Multicurrency Tranche Commitment as set forth opposite such Lender's name on Schedule 2.01 attached hereto (each such applicable existing Lender holding an increased or new Multicurrency Tranche Commitment pursuant to this Amendment being referred to as an "Increasing Lender").

(ii) The Augmenting Lender (A) represents and warrants that it is legally authorized to enter into this Amendment; (B) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and has reviewed such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment; (C) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (D) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (E) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

(iii) In connection with the increase of the Multicurrency Tranche Commitments on the Effective Date pursuant to Section 2(b)(i) above, (x) each Increasing Lender and the Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders of such Class, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of such Class of all the Lenders to equal its Multicurrency Tranche Percentage of such outstanding Revolving Loans, and (y) the Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Loans of such Class as of the Effective Date (with such reborrowing to consist of the Types of Revolving Loans of such Class, with related Interest Periods if applicable, specified in a notice delivered by the applicable Borrower, or the Company on behalf of the applicable Borrower, in accordance with the requirements of Section 2.03 of the Credit Agreement; provided that the Administrative Agent, the Augmenting Lender and the Increasing Lenders agree that such notice may be provided three (3) Business Days prior to the Effective Date). The deemed payments made pursuant to clause (y) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurocurrency Loan and BA Equivalent Loan, shall be subject to indemnification by the Borrowers pursuant to the provisions of Section 2.16 of the Credit Agreement if the deemed payment occurs other than on the last day of the related Interest Periods.

(c) Each of the Borrowers, the Administrative Agent and each Term Lender hereby agrees as follows:

(i) Each outstanding "Initial Term Loan", "Additional Term Loan" and "Incremental US Term Loan" as defined in, and in effect under, the Credit Agreement (before giving effect to this Amendment) shall be deemed to be an "Incremental US Term Loan" under the Credit Agreement after giving effect to Section 2 of this Amendment.

(ii) Each of the undersigned Term Lenders hereby acknowledges that its outstanding Incremental Term Loans, after giving effect to the foregoing Section 2(c)(ii), shall be as set forth in Schedule 2.01 to this Amendment.

3. Conditions of Effectiveness.

(a) This Amendment (other than Section 2) shall become effective as of the date (the "Signing Date") the Administrative Agent shall have received (i) counterparts of this Amendment duly executed and delivered by authorized representatives of each Borrower, the Required Lenders and the Administrative Agent and (ii) the Consent and Reaffirmation attached hereto duly executed by the Subsidiary Guarantors. The Administrative Agent shall notify in writing the Company and the Lenders of the Signing Date, and such notice shall be conclusive and binding.

(b) Notwithstanding anything herein to the contrary, the provisions set forth in Section 2 of this Amendment shall become effective as of the date (the "Effective Date") each of the following conditions precedent shall have been satisfied:

(i) the Signing Date shall have occurred;

(ii) the Administrative Agent shall have received counterparts of this Amendment duly executed and delivered by authorized representatives of each Lender, each Increasing Lender, the Augmenting Lender, each Issuing Bank and the Swingline Lender;

(iii) the Administrative Agent shall have received favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (A) Sheppard Mullin Richter & Hampton LLP, U.S. counsel to the Loan Parties, (B) Ogier, Jersey counsel to the Loan Parties, (C) Baker & McKenzie Amsterdam N.V., Dutch counsel to the Loan Parties, (D) Baker & McKenzie Advokatbyra KB, Swedish counsel to the Loan Parties, (E) K&L Gates LLP, U.K. counsel to the Loan Parties, and (F) Victor M. Casini, internal counsel to the Loan Parties, in each case in form and substance reasonably satisfactory to the Administrative Agent and covering such matters relating to the Loan Parties, the Loan Documents, this Amendment and the transactions contemplated hereby as the Administrative Agent shall reasonably request. The Company hereby requests such counsel to deliver such opinions;

(iv) the Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Responsible Officer of the Company, certifying that, after giving effect to this Amendment and any Borrowings on the Effective Date, (x) all of the representations and warranties of the Company set forth in the Credit Agreement (as amended hereby) are true and correct in all material respects (or in all respects if the applicable representation and warranty is qualified by materiality or Material Adverse Effect) and (y) no Default or Event of Default has occurred and is then continuing;

(v) the Administrative Agent shall have received such other documents, certificates and other deliveries as the Administrative Agent or its counsel may reasonably request, including, without limitation, relating to the organization, existence and good standing (or the equivalent in the applicable jurisdiction) of the Loan Parties, the authorization of the transactions contemplated hereby and by the Credit Agreement and any other legal matters relating to the Loan Parties, the Loan Documents or the transactions contemplated hereby or thereby, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel; and

(vi) the Administrative Agent shall have received (x) all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers under the Loan Documents, (y) all accrued and unpaid interest under the Credit Agreement and all accrued and unpaid fees under Sections 2.12(a) and 2.12(b) of the Credit Agreement and (z) all amounts (if any) owing by the Augmenting Lender and the Increasing Lenders pursuant to Section 2(b) . If any LC Disbursements and/or Swingline Loans are outstanding as of the Signing Date, such LC Disbursements and/or Swingline Loans shall be repaid, together with any interest accrued thereon.

The Administrative Agent shall notify in writing the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding; provided that, notwithstanding the foregoing, Section 2 of this Amendment shall terminate and be of no force or effect if the foregoing conditions precedent set forth in this Section 3(b) shall not have been satisfied (or otherwise waived with the consent of the Administrative Agent and the Required Lenders) on or prior to 5:00 p.m. (New York time) on November 28, 2017.

4. Representations and Warranties of the Borrowers . Each of the Borrowers hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as modified hereby constitute legal, valid and binding obligations of such Borrower, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties of such Borrower set forth in Article III of the Credit Agreement (as amended hereby) are true and correct in all material respects (or in all respects if the applicable representation and warranty is qualified by materiality or Material Adverse Effect) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

5. Reference to and Effect on the Credit Agreement .

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other loan document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) The Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except with respect to the subject matter hereof, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment is a Loan Document.

6. Lender Acknowledgment. Each of the undersigned Lenders hereby acknowledges that its applicable Commitments and Term Loans, as applicable, shall be as set forth in Schedule 2.01 of the Credit Agreement (as amended hereby).

7. No Novation. This Agreement shall not extinguish the Loans or other obligations outstanding under the Credit Agreement. No part of this Agreement is intended to or will create a registerable Lien. This Agreement shall be a Loan Document for all purposes.

8. Governing Law; Jurisdiction. This Amendment shall be construed in accordance with and governed by the law of the State of New York. Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment and any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Amendment or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

9. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

10. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument (including, for the avoidance of doubt, any signature page to this Amendment executed and provided by any Lender more than once in order to provide for separate consents to this Amendment as contemplated herein). Delivery of an executed counterpart of a signature page of this Amendment by telecopy, e-mailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as

provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

LKQ CORPORATION, as the Company

By /s/ Varun Laroyia
Name: Varun Laroyia
Title: Executive Vice President and Chief Financial Officer

LKQ DELAWARE LLP, as the Canadian Primary Borrower

By /s/ Varun Laroyia
Name: Varun Laroyia
Title: Vice President and Chief Financial Officer

LKQ NETHERLANDS B.V., as a Dutch Borrower

By /s/ Sinon Galvin
Name: Sinon Galvin
Title: Managing Director

LKQ JERSEY FINANCE 1 LTD., as a Jersey Borrower

By /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Director

LKQ JERSEY FINANCE 2 LTD., as a Jersey Borrower

By /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Director

ATRACCO GROUP AB, as a Swedish Borrower

By /s/ John Quinn
Name: John Quinn
Title: Director

By /s/ Sinon Galvin
Name: Sinon Galvin
Title: Director

LKQ EURO LIMITED, as a UK Borrower

By /s/ John Quinn
Name: John Quinn
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,
individually as a Lender, as an Increasing Lender, an Issuing Bank, as the Swingline Lender and as Administrative Agent

By: /s/ Katherine Cordes
Name: Katherine Cordes
Title: Relationship Manager

BANK OF AMERICA, N.A.,
individually as a Lender, as an Increasing Lender and as an Issuing Bank

By : /s/ Daniel J. Skerl
Name: Daniel J. Skerl
Title: SVP

Name of Lender:

The Bank of Tokyo Mitsubishi UFJ, Ltd.

By /s/ Thomas Danielson
Name: Thomas Danielson
Title: Authorized Signatory

Name of Lender:

THE BANK OF TOKYO MITSUBISHI UFJ, LTD.

By /s/ Thomas Danielson
Name: Thomas Danielson
Title: Authorized Signatory

Name of Lender:

Citizens Bank

By /s/ Stephen Keelty
Name: Stephen Keelty
Title: SVP

Name of Lender:

SUNTRUST BANK

By /s/ Lisa Garling
Name: Lisa Garling
Title: Director

Name of Lender:

COMPASS BANK

By /s/ Charles Randolph
Name: Charles Randolph
Title: Senior Vice President

Name of Lender:

PNC Bank, National Association

By /s/ Kristin Lenda
Name: Kristin Lenda
Title: Senior Vice President

Name of Lender:

PNC Bank Canada Branch

By /s/ Caroline Stade
Name: Caroline Stade
Title: Senior Vice President

Name of Lender:

HSBC Bank USA, N.A.

By /s/ Matthew McLaurin
Name: Matthew McLaurin
Title: Director

Name of Lender:

HSBC Bank plc

By /s/ Susan M. Barnes
Name: Susan M. Barnes
Title: Relationship Director

Name of Lender:

TD Bank, N.A.

By /s/ Shreya Shah
Name: Shreya Shah
Title: Senior Vice President

Name of Lender:

TD Bank, N.A.

By /s/ Shreya Shah
Name: Shreya Shah
Title: Senior Vice President

Name of Lender:

BRANCH BANKING AND TRUST COMPANY

By /s/ John P. Malloy
Name: John P. Malloy
Title: Senior Vice President

Name of Lender:

U.S. Bank National Association

By __/s/ James N. DeVries__
Name: James N. DeVries
Title: Senior Vice President

Name of Lender:

Fifth Third Bank, individually as a lender

By /s/ Robert R. Mangers
Name: Robert R. Mangers
Title: Vice President

Name of Lender:

Capital One, National Association

By /s/ Sean C. Horridge
Name: Sean C. Horridge
Title: Vice President

Name of Lender:

Royal Bank of Canada

By /s/ Mohannad Hammad
Name: Mohannad Hammad
Title: Vice President, National Client Group Finance

Name of Lender:

Royal Bank of Canada

By /s/ Mohannad Hammad
Name: Mohannad Hammad
Title: Vice President – National Client Group Finance

Name of Lender:

Bank of the West

By /s/ Peter G. Thursby
Name: Peter G. Thursby
Title: Managing Director

Name of Lender:

Bank of the West

By /s/ Peter G. Thursby
Name: Peter G. Thursby
Title: Managing Director

Name of Lender:

BNP Paribas

By /s/ Nader Tannous
Name: Nader Tannous
Title: Managing Director

By /s/ Todd Grossnickle
Name: Todd Grossnickle
Title: Director

Name of Lender:

GOLDMAN SACHS BANK USA

By /s/ Chris Lam
Name: Chris Lam
Title: Authorized Signatory

Name of Lender:

GOLDMAN SACHS BANK USA

By /s/ Ryan Durkin
Name: Ryan Durkin
Title: Authorized Signatory

Name of Lender:

BARCLAYS BANK PLC

By /s/ Craig Malloy
Name: Craig Malloy
Title: Director

Name of Lender:

Associated Bank

By /s/ Roger J. Peitsch
Name: Roger J. Peitsch
Title: Senior Vice President

Name of Lender:

Associated Bank, N.A.

By __/s/ Roger Peitsch__
Name: Roger Peitsch
Title: SVP

Name of Lender:

MB Financial Bank, N.A.

By /s/ Michelle M. Lynch
Name: Michelle M. Lynch
Title: Vice President

Name of Lender:

First Hawaiian Bank

By /s/ Jeffrey Inouye
Name: Jeffrey Inouye
Title: Vice President

Name of Lender:

First Hawaiian Bank

By __/s/ Dawn Hofmann__
Name: Dawn Hofmann
Title: Executive Vice President

Name of Lender:

FIRST MIDWEST BANK

By /s/ Andrea Sanger
Name: Andrea Sanger
Title: Senior Vice President

Name of Lender:

The Huntington National Bank

By /s/ Phil Andresen
Name: Phil Andresen
Title: Assistant Vice President

Name of Lender:

E.Sun Commercial Bank, Ltd., Los Angeles Branch, individually as a Lender

By /s/ Edward Chen
Name: Edward Chen
Title: SVP & General Manager

Name of Lender:

CREDIT SUISSE AG, Cayman Islands Branch, as a Lender

By /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Authorized Signatory

By /s/ Brady Bingham
Name: Brady Bingham
Title: Authorized Signatory

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 2 to the Fourth Amended and Restated Credit Agreement dated as of March 25, 2011, amended and restated as of September 30, 2011, as further amended and restated as of May 3, 2013, as further amended and restated as of March 27, 2014, as further amended and restated as of January 29, 2016 (as amended, restated, supplemented or otherwise modified, the " Credit Agreement ") by and among LKQ Corporation (the " Company "), the Subsidiary Borrowers from time to time party thereto, the financial institutions from time to time party thereto (the " Lenders ") and Wells Fargo Bank, National Association, as Administrative Agent (the " Administrative Agent "), which Amendment No. 2 is dated as of December 1, 2017 (the " Amendment "). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement.

In connection with the execution and delivery of the Amendment, each of the undersigned Subsidiary Guarantors, as debtor, grantor, pledgor, guarantor, or in any other similar capacity in which such Subsidiary Guarantor grants liens or security interests in its properties or otherwise acts as an accommodation party or guarantor, as the case may be, in each case under the Loan Documents heretofore executed and delivered in connection with or pursuant to the Credit Agreement (as amended, supplemented or otherwise modified prior to the date of the Amendment, all such agreements being collectively referred to hereinafter as the " Prior Agreements "), (i) hereby consents to the Amendment and the transactions contemplated thereby, (ii) hereby ratifies and reaffirms all of its remaining payment and performance obligations, contingent or otherwise, if any, under each of such Loan Documents (as amended, restated, supplemented or otherwise modified by this Amendment, as the case may be) to which it is a party, (iii) to the extent such Subsidiary Guarantor granted liens on or security interests in any of its properties pursuant to any such Loan Documents, hereby ratifies and reaffirms such grant of security and confirms that such liens and security interests continue to secure the Secured Obligations, including, without limitation, all additional Obligations resulting from or incurred pursuant to the Amendment and the Credit Agreement as amended thereby and (iv) to the extent such Subsidiary Guarantor guaranteed or was an accommodation party with respect to the Secured Obligations or any portion thereof, hereby ratifies and reaffirms such guaranties or accommodation liabilities.

Dated: December 1, 2017

A&A AUTO PARTS STORES, INC.
AEROVISION AIRCRAFT SERVICES, LLC
AEROVISION ENGINE SERVICES, LLC
AEROVISION INTERNATIONAL, LLC
AKRON AIRPORT PROPERTIES, INC.
AMERICAN RECYCLING
INTERNATIONAL, INC.
A-RELIABLE AUTO PARTS & WRECKERS, INC. ARROW SPEED ACQUISITION LLC
AVI INVENTORY SERVICES, LLC
AVI SALES AND LEASING SERVICES, LLC
BUDGET AUTO PARTS U-PULL-IT, INC.
DRIVERFX.COM, INC.
GLOBAL POWERTRAIN SYSTEMS, LLC
GREENLEAF AUTO RECYCLERS, LLC
KAIR IL, LLC
KAO LOGISTICS, INC.
KAO WAREHOUSE, INC.
KEYSTONE AUTOMOTIVE INDUSTRIES,
INC.
KEYSTONE AUTOMOTIVE OPERATIONS, INC.
KEYSTONE AUTOMOTIVE OPERATIONS
OF CANADA, INC.
KPGW CANADIAN HOLDCO, LLC
LKQ 1ST CHOICE AUTO PARTS, LLC
LKQ 250 AUTO, INC.
LKQ ALL MODELS CORP.
LKQ APEX AUTO PARTS, INC.
LKQ AUTO PARTS OF CENTRAL CALIFORNIA, INC.
LKQ AUTO PARTS OF MEMPHIS, INC.
LKQ AUTO PARTS OF NORTH TEXAS,
INC.
LKQ AUTO PARTS OF NORTH TEXAS, L.P.
LKQ AUTO PARTS OF UTAH LLC
each as a Subsidiary Guarantor

By: /s/ Varun Laroyia

Name: Varun Laroyia
Title: Vice President and Chief Financial Officer

LKQ BEST AUTOMOTIVE CORP.
LKQ BRAD'S AUTO & TRUCK PARTS, INC.
LKQ BROADWAY AUTO PARTS, INC.
LKQ FOSTER AUTO PARTS SALEM, INC.
LKQ FOSTER AUTO PARTS WESTSIDE LLC
LKQ FOSTER AUTO PARTS, INC.
LKQ GLASS 1, LLC
LKQ GLASS 2 INC.
LKQ GORHAM AUTO PARTS CORP.
LKQ GREAT LAKES CORP.
LKQ HEAVY TRUCK-TEXAS BEST DIESEL, L.P.
LKQ HUNTS POINT AUTO PARTS CORP.
LKQ INVESTMENTS, INC.
LKQ LAKENOR AUTO & TRUCK SALVAGE, INC.
LKQ MANAGEMENT COMPANY
LKQ METRO, INC.
LKQ MID-AMERICA AUTO PARTS, INC.
LKQ MIDWEST AUTO PARTS CORP.
LKQ MINNESOTA, INC.
LKQ OF INDIANA, INC.
LKQ OF MICHIGAN, INC.
LKQ OF NEVADA, INC.
LKQ NORTHEAST, INC.
LKQ ONLINE CORP.
LKQ PGW HOLDINGS, LLC
LKQ PICK YOUR PART SOUTHEAST, LLC,
each as a Subsidiary Guarantor

By: /s/ Varun Laroyia

Name: Varun Laroyia
Title: Vice President and Chief Financial Officer

LKQ ROUTE 16 USED AUTO PARTS, INC.
LKQ SELF SERVICE AUTO PARTS-
HOLLAND, INC.
LKQ SELF SERVICE AUTO PARTS- KALAMAZOO, INC.
LKQ SELF SERVICE AUTO PARTS TULSA, INC.
LKQ SMART PARTS, INC.
LKQ SOUTHEAST, INC.
LKQ SOUTHWICK LLC
LKQ TAIWAN HOLDING COMPANY
LKQ TIRE & RECYCLING, INC.
LKQ TRADING COMPANY
LKQ TRIPLETT ASAP, INC.
LKQ U-PULL-IT AUTO DAMASCUS, INC.
LKQ U-PULL-IT TIGARD, INC.
LKQ WEST MICHIGAN AUTO PARTS, INC.
MSN145056, LLC
NORTH AMERICAN ATK CORPORATION
PGW AUTO GLASS, LLC
PICK-YOUR-PART AUTO WRECKING
POTOMAC GERMAN AUTO, INC.
PULL-N-SAVE AUTO PARTS, LLC
REDDING AUTO CENTER, INC.
SCRAP PROCESSORS, LLC
SUPREME AUTO PARTS, INC.
U-PULL-IT, INC.
U-PULL-IT, NORTH, LLC,
each as a Subsidiary Guarantor

By: /s/ Varun Laroyia

Name: Varun Laroyia
Title: Vice President and Chief Financial Officer

SUPPLEMENTAL INDENTURE (this " Supplemental Indenture "), dated as of July 20, 2017, among LKQ Investments, Inc., a Delaware corporation, as a Guaranteeing Subsidiary (the " Guaranteeing Subsidiary ") which is a direct or indirect subsidiary of LKQ Corporation (or its permitted successor), a Delaware corporation (the " Issuer "), the Issuer, the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the " Trustee ").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of May 9, 2013 (the " Indenture "), providing for the issuance of the Issuer's 4.75% Senior Notes due 2023 (the " Notes ");

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the " Note Guarantee "); and

WHEREAS, pursuant to Section 8.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

4. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator, member of the Board of Directors or holder of Capital Stock of the Issuer or of any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Supplemental Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability.

5. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO

THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Issuer.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: July 20, 2017

GUARANTEEING SUBSIDIARY:

LKQ Investments, Inc.

By: /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Executive Vice President

LKQ CORPORATION

By: /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Executive Vice President and Chief Financial Officer

GUARANTORS:

A&A AUTO PARTS STORES, INC.
AKRON AIRPORT PROPERTIES, INC.
AMERICAN RECYCLING INTERNATIONAL, INC.
A - RELIABLE AUTO PARTS & WRECKERS, INC.
ARROW SPEED ACQUISITION, LLC
BUDGET AUTO PARTS U-PULL-IT, INC.
CITY AUTO PARTS OF DURHAM, INC.
DRIVERFX.COM, INC.
GREENLEAF AUTO RECYCLERS, LLC
KAIR IL, LLC
KAO LOGISTICS, INC.
KAO WAREHOUSE, INC.
KEYSTONE AUTOMOTIVE INDUSTRIES, INC.
KEYSTONE AUTOMOTIVE OPERATIONS, INC.
KEYSTONE AUTOMOTIVE OPERATIONS OF CANADA, INC.
LKQ 1ST CHOICE AUTO PARTS, LLC
LKQ 250 AUTO, INC.
LKQ A&R AUTO PARTS, INC.
LKQ ALL MODELS CORP.,
each as a Guarantor

By: /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Vice President and
Chief Financial Officer

LKQ APEX AUTO PARTS, INC.
LKQ ATLANTA, L.P.
LKQ AUTO PARTS OF CENTRAL CALIFORNIA, INC.
LKQ AUTO PARTS OF MEMPHIS, INC.
LKQ AUTO PARTS OF NORTH TEXAS, INC.
LKQ AUTO PARTS OF NORTH TEXAS, L.P.
LKQ AUTO PARTS OF UTAH, LLC
LKQ BEST AUTOMOTIVE CORP.
LKQ BROADWAY AUTO PARTS, INC.
LKQ FOSTER AUTO PARTS SALEM, INC.
LKQ FOSTER AUTO PARTS WESTSIDE LLC
LKQ FOSTER AUTO PARTS, INC.
LKQ GORHAM AUTO PARTS CORP.
LKQ GREAT LAKES CORP.
LKQ HEAVY TRUCK-TEXAS BEST DIESEL, L.P.
LKQ HUNTS POINT AUTO PARTS CORP.
LKQ LAKENOR AUTO & TRUCK SALVAGE, INC.
LKQ MANAGEMENT COMPANY
LKQ METRO, INC.
LKQ MID-AMERICA AUTO PARTS, INC.
LKQ MIDWEST AUTO PARTS CORP.
LKQ MINNESOTA, INC.
LKQ OF INDIANA, INC.
LKQ OF MICHIGAN, INC.
LKQ OF NEVADA, INC.
LKQ OF TENNESSEE, INC.
LKQ ONLINE CORP.
LKQ PICK YOUR PART SOUTHEAST, LLC,
each as a Guarantor

By: /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Vice President and Chief Financial Officer

LKQ RALEIGH AUTO PARTS CORP.
LKQ ROUTE 16 USED AUTO PARTS, INC.
LKQ SALISBURY, INC.
LKQ SAVANNAH, INC.
LKQ SELF SERVICE AUTO PARTS-HOLLAND, INC.
LKQ SELF SERVICE AUTO PARTS-KALAMAZOO, INC.
LKQ SELF SERVICE AUTO PARTS-MEMPHIS LLC
LKQ SELF SERVICE AUTO PARTS-TULSA, INC.
LKQ SMART PARTS, INC.
LKQ SOUTHEAST, INC.
LKQ SOUTHWICK LLC
LKQ TAIWAN HOLDING COMPANY
LKQ TIRE & RECYCLING, INC.
LKQ TRADING COMPANY
LKQ TRIPLETT ASAP, INC.
LKQ U-PULL-IT AUTO DAMASCUS, INC.
LKQ U-PULL-IT TIGARD, INC.
LKQ WEST MICHIGAN AUTO PARTS, INC.
NORTH AMERICAN ATK CORPORATION
PICK-YOUR-PART AUTO WRECKING
POTOMAC GERMAN AUTO, INC.
PULL-N-SAVE AUTO PARTS, LLC
REDDING AUTO CENTER, INC.
SCRAP PROCESSORS, LLC
SUPREME AUTO PARTS, INC.
U-PULL-IT, INC.
U-PULL-IT, NORTH, LLC ,
each as a Guarantor

By: /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Vice President and
Chief Financial Officer

KPGW CANADIAN HOLDCO, LLC
LKQ GLASS 1, LLC
LKQ GLASS 2 INC.
LKQ PGW HOLDINGS, LLC
PGW AUTO GLASS LLC ,
each as a Guarantor

By: /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Executive Vice President

LKQ BRAD'S AUTO & TRUCK PARTS, INC.
LKQ FOSTER AUTO PARTS, INC. ,
each as a Guarantor

By: /s/ Todd Handon
Name: Todd Hanson
Title: President

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Linda Garcia
Name:
Title:

[*Signature Page to Supplemental Indenture*]

SUPPLEMENTAL INDENTURE (this " Supplemental Indenture "), dated as of November 29, 2017, among the parties identified in the signature page of this Supplemental Indenture as a Guaranteeing Subsidiary (each a " Guaranteeing Subsidiary ") each of which is a direct or indirect subsidiary of LKQ Corporation (or its permitted successor), a Delaware corporation (the " Issuer "), the Issuer, the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the " Trustee ").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of May 9, 2013 (the " Indenture "), providing for the issuance of the Issuer's 4.75% Senior Notes due 2023 (the " Notes ");

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the " Note Guarantee "); and

WHEREAS, pursuant to Section 8.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

4. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator, member of the Board of Directors or holder of Capital Stock of the Issuer or of any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Supplemental Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability.

5. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO

THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuer.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: November 29, 2017

GUARANTEEING SUBSIDIARIES:

AeroVision Aircraft Services, LLC
AeroVision Engine Services, LLC
AeroVision International, LLC
AVI Sales & Leasing Services, LLC
AVI Inventory Services, LLC
Global Powertrain Systems, LLC
MSN145056, LLC

By: /s/ Varun Laroyia
Name: Varun Laroyia
Title: Vice President and Chief Financial Officer

LKQ CORPORATION

By: /s/ Varun Laroyia
Name: Varun Laroyia
Title: Executive Vice President and Chief Financial Officer

GUARANTORS:

A&A AUTO PARTS STORES, INC.
AKRON AIRPORT PROPERTIES, INC.
AMERICAN RECYCLING INTERNATIONAL, INC.
A - RELIABLE AUTO PARTS & WRECKERS, INC.
ARROW SPEED ACQUISITION, LLC
DRIVERFX.COM, INC.
GREENLEAF AUTO RECYCLERS, LLC
KAIR IL, LLC
KAO LOGISTICS, INC.
KAO WAREHOUSE, INC.
KEYSTONE AUTOMOTIVE INDUSTRIES, INC.
KEYSTONE AUTOMOTIVE OPERATIONS, INC.
KEYSTONE AUTOMOTIVE OPERATIONS OF CANADA, INC.
KPGW CANADIAN HOLDCO, LLC,
each as a Guarantor

By: /s/ Varun Laroyia
Name: Varun Laroyia
Title: Vice President and Chief Financial Officer

LKQ 1ST CHOICE AUTO PARTS, LLC
LKQ 250 AUTO, INC.
LKQ ALL MODELS CORP.
LKQ APEX AUTO PARTS, INC.
LKQ AUTO PARTS OF CENTRAL CALIFORNIA, INC.
LKQ AUTO PARTS OF MEMPHIS, INC.
LKQ AUTO PARTS OF NORTH TEXAS, INC.
LKQ AUTO PARTS OF NORTH TEXAS, L.P.
LKQ AUTO PARTS OF UTAH, LLC
LKQ BEST AUTOMOTIVE CORP.
LKQ BRAD'S AUTO & TRUCK PARTS, INC.
LKQ BROADWAY AUTO PARTS, INC.
LKQ FOSTER AUTO PARTS, INC.
LKQ FOSTER AUTO PARTS SALEM, INC.
LKQ FOSTER AUTO PARTS WESTSIDE LLC
LKQ GLASS 1, LLC
LKQ GLASS 2 INC.
LKQ GORHAM AUTO PARTS CORP.
LKQ GREAT LAKES CORP.
LKQ HEAVY TRUCK-TEXAS BEST DIESEL, L.P.
LKQ HUNTS POINT AUTO PARTS CORP.
LKQ INVESTMENTS, INC.
LKQ LAKENOR AUTO & TRUCK SALVAGE, INC.
LKQ MANAGEMENT COMPANY
LKQ METRO, INC.
LKQ MID-AMERICA AUTO PARTS, INC.
LKQ MIDWEST AUTO PARTS CORP.
LKQ MINNESOTA, INC.
LKQ NORTHEAST, INC.
LKQ OF INDIANA, INC.
LKQ OF MICHIGAN, INC.
LKQ OF NEVADA, INC.
LKQ ONLINE CORP.
LKQ PGW HOLDINGS, LLC
LKQ PICK YOUR PART SOUTHEAST, LLC,
each as a Guarantor

By: /s/ Varun Laroyia
Name: Varun Laroyia
Title: Vice President and Chief Financial Officer

SMRH:227089685.3

[*Signature Page to Supplemental Indenture*]

LKQ ROUTE 16 USED AUTO PARTS, INC.
LKQ SELF SERVICE AUTO PARTS-HOLLAND, INC.
LKQ SELF SERVICE AUTO PARTS-KALAMAZOO, INC.
LKQ SELF SERVICE AUTO PARTS-TULSA, INC.
LKQ SMART PARTS, INC.
LKQ SOUTHEAST, INC.
LKQ SOUTHWICK LLC
LKQ TAIWAN HOLDING COMPANY
LKQ TIRE & RECYCLING, INC.
LKQ TRADING COMPANY
LKQ TRIPLETT ASAP, INC.
LKQ U-PULL-IT AUTO DAMASCUS, INC.
LKQ U-PULL-IT TIGARD, INC.
LKQ WEST MICHIGAN AUTO PARTS, INC.
NORTH AMERICAN ATK CORPORATION
PGW AUTO GLASS LLC
PICK-YOUR-PART AUTO WRECKING
POTOMAC GERMAN AUTO, INC.
PULL-N-SAVE AUTO PARTS, LLC
REDDING AUTO CENTER, INC.
SCRAP PROCESSORS, LLC
SUPREME AUTO PARTS, INC.
U-PULL-IT, INC.
U-PULL-IT, NORTH, LLC ,
each as a Guarantor

By: /s/ Varun Laroyia
Name: Varun Laroyia
Title: Vice President and
Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Linda Garcia
Name: Linda E. Garcia
Title: Vice President

LKQ Investments, Inc.

To:
BNP Paribas Trust Corporation UK Limited
10 Harewood Avenue
London NW1 6AA
United Kingdom

To:
LKQ Italia Bondco S.p.A.
Foro Buonaparte 70
20121 – Milan
Italy
Attention: Aldo Carrabino

-by express courier, anticipated by e-mail-

Chicago, July 24, 2017

Re: Supplemental Indenture – LKQ Italia Bondco S.p.A. 3.875% Senior Notes due 2024

Dear Sirs,

as discussed, please find below our proposal regarding the Supplemental Indenture (the " **Proposal** ").

* * *

SUPPLEMENTAL INDENTURE (this " Supplemental Indenture "), dated as of July 24, 2017, among the party identified on Schedule 1 attached hereto (the " Guaranteeing Subsidiary ") which is a direct subsidiary of LKQ Corporation, a Delaware corporation (" Parent "), LKQ Italia Bondco S.p.A., a joint stock company (*società per azioni*) organized under the laws of the Republic of Italy and a subsidiary of Parent (the " Issuer "), and BNP Paribas Trust Corporation UK Limited, as trustee under the Indenture referred to herein (the " Trustee ").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of April 14, 2016 (the " Indenture "), providing for the issuance of the Issuer's 3.875% Senior Notes due 2024 (the " Notes ");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's payment obligations under the Notes and the Indenture on the terms and conditions set forth herein (the " Note Guarantee "); and

WHEREAS, pursuant to Section 8.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article Ten thereof.

3. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator member of the Board of Directors or holder of Capital Stock of the Issuer or of any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Supplemental Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability.

4. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS

OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

5. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

6. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Issuer.

7. GENERAL PROVISIONS. This Supplement Indenture to be entered by exchange of correspondence. Should a "Caso d'uso", or an "Enunciazione" or a voluntary registration be triggered after the date hereof, then the relevant applicable registration tax shall be entirely borne by the party that has triggered the "Caso d'uso" or "Enunciazione" or voluntary registration.

[Remainder of Page Intentionally Blank]

Schedule 1

LKQ Investments, Inc.

* * *

If you agree with the foregoing, please send us a copy of this letter agreement, signed by a duly authorized representative as irrevocable and unconditional acceptance of the Proposal.

Yours faithfully,

LKQ Investments, Inc.

By: /s/ Dominick Zarcone
Name: Dominick Zarcone
Title: Vice President and
Chief Financial Officer

SMRH:227313568.1

AeroVision Aircraft Services, LLC
AeroVision Engine Services, LLC
AeroVision International, LLC
AVI Sales & Leasing Services, LLC
AVI Inventory Services, LLC
Global Powertrain Systems, LLC
MSN145056, LLC

To:
BNP Paribas Trust Corporation UK Limited
10 Harewood Avenue
London NW1 6AA
United Kingdom

To:
LKQ Italia Bondco S.p.A.
Foro Buonaparte 70
20121 – Milan
Italy
Attention: Aldo Carrabino

-by express courier, anticipated by e-mail-

Chicago, November 29, 2017

Re: Supplemental Indenture – LKQ Italia Bondco S.p.A. 3.875% Senior Notes due 2024

Dear Sirs,

as discussed, please find below our proposal regarding the Supplemental Indenture (the " **Proposal** ").

* * *

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of November 29, 2017, among the parties identified on Schedule 1 attached hereto (the "Guaranteeing Subsidiaries") each of which is a direct or indirect subsidiary of LKQ Corporation, a Delaware corporation ("Parent"), LKQ Italia Bondco S.p.A., a joint stock company (*società per azioni*) organized under the laws of the Republic of Italy and a subsidiary of Parent (the "Issuer"), and BNP Paribas Trust Corporation UK Limited, as trustee under the Indenture referred to herein (the "Trustee").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of April 14, 2016 (the "Indenture"), providing for the issuance of the Issuer's 3.875% Senior Notes due 2024 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's payment obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Note Guarantee"); and

WHEREAS, pursuant to Section 8.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each of the Guaranteeing Subsidiaries hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article Ten thereof.

3. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator member of the Board of Directors or holder of Capital Stock of the Issuer or of any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Supplemental Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability.

4. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS

OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

5. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

6. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each of the Guaranteeing Subsidiaries and the Issuer.

7. GENERAL PROVISIONS. This Supplement Indenture to be entered by exchange of correspondence. Should a "Caso d'uso", or an "Enunciazione" or a voluntary registration be triggered after the date hereof, then the relevant applicable registration tax shall be entirely borne by the party that has triggered the "Caso d'uso" or "Enunciazione" or voluntary registration.

[Remainder of Page Intentionally Blank]

Schedule 1

AeroVision Aircraft Services, LLC
AeroVision Engine Services, LLC
AeroVision International, LLC
AVI Sales & Leasing Services, LLC
AVI Inventory Services, LLC
Global Powertrain Systems, LLC
MSN145056, LLC

* * *

If you agree with the foregoing, please send us a copy of this letter agreement, signed by a duly authorized representative as irrevocable and unconditional acceptance of the Proposal.

Yours faithfully,

AeroVision Aircraft Services, LLC
AeroVision Engine Services, LLC
AeroVision International, LLC
AVI Sales & Leasing Services, LLC
AVI Inventory Services, LLC
Global Powertrain Systems, LLC
MSN145056, LLC

By: /s/ Varun Laroyia
Name: Varun Laroyia
Title: Vice President and
Chief Financial Officer

RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this "Agreement") is made and entered into as of the ______day of ______, ___(the "Grant Date") by and between LKQ Corporation, a Delaware corporation (the "Company"), and [[FIRSTNAME]] [[MIDDLENAME]] [[LASTNAME]] (the "Key Person").

Recitals

The Board is of the opinion that the interests of the Company will be advanced by encouraging certain persons affiliated with the Company, upon whose judgment, initiative and efforts the Company is largely dependent for the successful conduct of the Company's business, to acquire or increase their proprietary interest in the Company, thus providing them with a more direct stake in its welfare and assuring a closer identification of their interests with those of the Company.

The Board is of the opinion that the Key Person is such a person.

The Company desires to grant RSUs to the Key Person, and the Key Person desires to accept such grant, all on the terms and subject to the conditions set forth in this Agreement and set forth in the Company's 1998 Equity Incentive Plan (the "Plan"). Any capitalized term used herein that is not defined shall have the meaning of such term set forth in the Plan.

Covenants

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Grant of Restricted Stock Units. The Company hereby grants to the Key Person and the Key Person hereby accepts from the Company _____RSUs, on the terms and subject to the conditions set forth herein and in the Plan (the "Award").

2. Representation of Key Person. The Key Person hereby represents and warrants that the Key Person has been provided a copy of the Plan (which is also filed publicly) and a Plan prospectus describing the material terms of the Plan, and is accepting the RSUs with full knowledge of and subject to the restrictions contained in this Agreement and the Plan.

3. Vesting and Settlement. (a) The RSUs are subject to time-based vesting conditions (which must be satisfied before the applicable portion of the Award is considered earned and payable) as follows: the Award shall vest with respect to 100% of the number of RSUs subject to the Award (rounded to the nearest whole share) on the earlier of (i) the

one-year anniversary of the grant date (unless such date is a day on which the U.S. stock exchanges are closed, in which case the vesting date shall be extended to the next succeeding business day), and (ii) the date of the 2018 Annual Meeting of the Stockholders of the Company (the "Vesting Period").

(b) Within 30 days of vesting, one Share shall be delivered to the Key Person in settlement of each vested RSU.

4. Termination of Relationship. In the event the Key Person incurs a Separation from Service for any reason other than death or Disability, all RSUs of such Key Person that are unvested at the date of Separation from Service shall be forfeited to the Company. In the event the Key Person incurs a Separation from Service due to death or Disability, all RSUs of such Key Person shall immediately become fully vested on the date of termination and all restrictions shall lapse.

1. Change of Control. In the event of a Change of Control occurring after the Grant Date, the Change of Control provisions of Article 14 of the Plan shall apply to the RSUs.

2. Non-Transferability of RSUs. Except as expressly provided in the Plan or this Agreement, the RSUs may not be sold, assigned, transferred, pledged or otherwise disposed of, shall not be assignable by operation of law, and shall not be subject to execution, attachment or similar process, except by will or the laws of descent and distribution. Any attempted sale, assignment, transfer, pledge or other disposition of any RSU prior to vesting shall be null and void and without effect.

3. Taxes. The Key Person shall be responsible for taxes due upon the settlement of any RSU granted hereunder and upon any later transfer by the Key Person of any Share received upon the settlement of an RSU.

4. No Rights as a Stockholder. Prior to the settlement of any RSU, the Key Person has no rights with respect to the Share issuable to the Key Person upon such settlement, shall not be treated as a Stockholder, and shall not have any voting rights or the right to receive any dividends with respect to the RSU or the underlying Share.

5. Notices. Any notices required or permitted hereunder shall be sent using any means (including personal delivery, courier, messenger service, facsimile transmission or electronic transmission), if to the Key Person, at the address set forth below or such other address as the Key Person may designate in writing to the Company or to the Key Person's home address if no other address has been provided to the Company; and, if to the Company, at the address of its headquarters in Chicago, Attention: General Counsel, or such other address as the Company may designate in writing to the Key Person. Such notice shall be deemed duly given when it is actually received by the party for whom it was intended.

6. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

7. Amendment or Termination. This Agreement may not be amended or terminated unless such amendment or termination is in writing and duly executed by each of the parties hereto.

8. Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns, and the Key Person and the Key Person's executors, administrators, personal representatives and heirs. In the event that any part of this Agreement shall be held to be invalid or unenforceable, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

9. Entire Agreement. This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, discussions and understandings relating to such subject matter; provided, however, for the avoidance of doubt, the parties acknowledge that any confidentiality, non-competition, non-solicitation or similar restrictive covenant agreed to by the parties hereto on or before the Grant Date is not superseded by this Agreement and is an obligation of the parties hereto in addition to Section 17 below.

10. Governing Law and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to principles and provisions thereof relating to conflict or choice of laws. Any and all actions concerning any dispute arising hereunder shall be filed and maintained only in a state or federal court sitting in the County of Cook, State of Illinois. The parties hereto specifically consent and submit to the jurisdiction of such court.

11. Incorporation of Terms of Plan. The terms of the Plan are incorporated herein by reference and the Key Person's rights hereunder are subject to the terms of the Plan to the extent they are inconsistent with or in addition to the terms set forth herein. The Key Person hereby agrees to comply with all requirements of the Plan.

12. Non-Competition and Confidentiality . (a) Notwithstanding any provision to the contrary set forth elsewhere herein, the RSUs, the Shares underlying the RSUs, and any proceeds received by the Key Person upon the sale of Shares underlying the RSUs shall be forfeited by the Key Person to the Company without any consideration therefore, if the Key Person is not in compliance, at any time during the period commencing on the Grant Date and ending nine months following the Key Person's Separation from Service, with all applicable provisions of the Plan and with the following conditions:

(i) the Key Person shall not directly or indirectly (1) be employed by, engage or have any interest in any business which is or becomes competitive with

the Company or its Subsidiaries or is or becomes otherwise prejudicial to or in conflict with the interests of the Company or its Subsidiaries, (2) induce any customer of the Company or its Subsidiaries to patronize such competitive business or otherwise request or advise any such customer to withdraw, curtail or cancel any of its business with the Company or its Subsidiaries, or (3) hire or solicit for employment any person employed by the Company or its Subsidiaries or hire any person who was employed by the Company or its Subsidiaries at any time within nine months of such hire; provided, however, that this restriction shall not prevent the Key Person from acquiring and holding up to two percent of the outstanding shares of capital stock of any corporation which is or becomes competitive with the Company or is or becomes otherwise prejudicial to or in conflict with the interests of the Company if such shares are available to the general public on a national securities exchange or in the over-the-counter market; and

(ii) the Key Person shall not use or disclose, except for the sole benefit of or with the written consent of the Company, any confidential information relating to the business, processes or products of the Company. Nothing in this Agreement, however, prohibits the Key Employee from reporting violations of law or regulation to any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity"), or from cooperating with any Governmental Entity, including the EEOC, the Securities and Exchange Commission or the Department of Justice.

(b) The Company shall notify in writing the Key Person of any violation by the Key Person of this Section 16. The forfeiture shall be effective as of the date of the occurrence of any of the activities set forth in Section 16(a) above. If the Shares underlying the RSUs have been sold, the Key Person shall promptly pay to the Company the amount of the proceeds from such sale. The Key Person hereby consents to a deduction from any amounts owed by the Company to the Key Person from time to time (including amounts owed as wages or other compensation, fringe benefits or vacation pay) to the extent of the amounts owed by the Key Person to the Company under this Section 16. Whether or not the Company elects to make any set-off in whole or in part, the Key Person agrees to timely pay any amounts due under this Section 16. In addition, the Company shall be entitled to injunctive relief for any violation by the Key Person of this Section 16.

(c) Notwithstanding any provision of this Agreement to the contrary, the Key Person shall be entitled to communicate, cooperate and file a complaint with any Governmental Entity concerning possible violations of any U.S. federal, state or local law or regulation, and to otherwise make disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, as long as in each case the communications and disclosures are consistent with applicable law. The Key Person shall not forfeit any RSUs, Shares held in connection with any RSUs or proceeds from the sale of such Shares as a result of exercising any rights under this Section 16(c).

17. Hedging Positions . The Key Person agrees that, at any time during the period commencing on the Grant Date and ending when the Award is fully settled or the RSUs are forfeited, the Key Person shall not (a) directly or indirectly sell any equity security of the Company if the Key Person does not own the security sold, or if owning the security, does not deliver it against such sale within 20 days thereafter; or (b) establish a derivative security position with respect to any equity security of the Company that increases in value as the value of the underlying equity decreases (including a long put option and a short call option position) with securities underlying the position exceeding the underlying securities otherwise owned by the Key Person. In the event the Key Person violates this provision, the Company shall have the right to cancel the Award.

18. Code Section 409A . The RSUs are intended to be exempt from (or in the alternative to comply with) Code Section 409A. This Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A, consistent with Section 18.6 of the Plan.

19. Clawback. The Award and all amounts and benefits received or outstanding under the Plan shall be subject to potential clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with the terms and conditions of any applicable Company clawback or similar policy or any applicable law related to such actions, as may be in effect from time to time. The Key Person's acceptance of the Award constitutes the Key Person's acknowledgement of and consent to the Company's application, implementation and enforcement of any applicable Company clawback or similar policy that may apply to the Key Person, whether adopted before or after the Grant Date, and any provision of applicable law relating to clawback, cancellation, recoupment, rescission, payback or reduction of compensation, and the Key Person's agreement that the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

LKQ CORPORATION	KEY PERSON
By: ___________________________	By: ___________________________
Name: ___________________________	Name: ________________________
Title: ____________________________	Address: _______________________
	________________________________
	________________________________

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

This Performance-Based Restricted Stock Unit Agreement (this " **Agreement** ") is made and entered into as of the [[DAY]] day of [[MONTH]] 2018 (the " **Grant Date** ") by and between LKQ Corporation, a Delaware corporation (the " **Company** "), and [[FIRSTNAME]] [[LASTNAME]] (the " **Key Person** ").

Recitals

The Board is of the opinion that the interests of the Company will be advanced by encouraging certain persons affiliated with the Company, upon whose judgment, initiative and efforts the Company is largely dependent for the successful conduct of the Company's business, to acquire or increase their proprietary interest in the Company, thus providing them with a more direct stake in its welfare and assuring a closer identification of their interests with those of the Company.

The Board is of the opinion that the Key Person is such a person.

The Company desires to grant performance-based RSUs to the Key Person, and the Key Person desires to accept such grant, all on the terms and subject to the conditions set forth in this Agreement and set forth in the Company's 1998 Equity Incentive Plan (the " **Plan** "). Any capitalized term used herein that is not defined shall have the meaning of such term set forth in the Plan.

Covenants

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Grant of Performance Units. The Company hereby grants to the Key Person and the Key Person hereby accepts from the Company [[SHARESGRANTED]] performance-based RSUs (" **Performance Units** "), on the terms and subject to the conditions set forth herein and in the Plan (the " **Award** ").

2. Representations of Key Person. The Key Person hereby represents and warrants that the Key Person has been provided a copy of the Plan (which is also filed publicly) and a Plan prospectus describing the material terms of the Plan, and is accepting the Performance Units with full knowledge of and subject to the restrictions contained in this Agreement and the Plan.

3. Vesting and Settlement. (a) The Award shall be subject to two vesting conditions, both of which must be satisfied before any portion of the Award is considered earned and payable: (i) time-based vesting equal to 16.67% of the Performance Units (rounded to the nearest whole Share) on [[FIRSTVESTINGDATE]] and on each six-month anniversary of [[FIRSTVESTINGDATE]] (unless such date is a day on which the U.S. stock exchanges are closed, in which case the vesting date shall be extended to the next succeeding business day), subject to the Key Person's continued Service through the applicable vesting date; and (ii) a performance-

based condition of written certification by the Committee of of positive fully-diluted earnings per share (" **EPS** ") of the Company (subject to adjustment for certain extraordinary items) for any of the Company's first five fiscal years ending after the Grant Date. If and when the performance-based condition is met, all Performance Units that had previously met the time-based vesting condition shall become earned and payable immediately and the remaining Performance Units shall become earned and payable according to the remaining schedule of the time-based condition. If the performance-based condition is not met, all Performance Units shall be forfeited.

For purposes of determining EPS of the Company in any particular fiscal year, EPS shall be increased to the extent that EPS was reduced in accordance with generally accepted accounting principles (" **GAAP** ") by objectively determinable amounts due to:

1. A change in accounting policy or GAAP;
2. Dispositions of assets or businesses;
3. Asset impairments;
4. Amounts incurred in connection with any financing;
5. Losses on interest rate swaps resulting from mark-to-market adjustments or discontinuing hedges;
6. Board-approved restructuring, acquisition or similar charges, including charges in conjunction with or in anticipation of an acquisition;
7. Losses related to environmental, legal, product liability or other contingencies;
8. Changes in tax laws;
9. Board-approved divestiture of a material business (i.e., the performance goals shall be adjusted to account for the divestiture, including, if appropriate, the pro-rata effect of targeted improvements);
10. Changes in contingent consideration liabilities;
11. Losses from discontinued operations;
12. Amortization expense related to acquired intangible assets; and
13. Other extraordinary, unusual or infrequently occurring items as specifically disclosed in the Company's financial statements or filings under the Exchange Act.

(b) Within 30 days of the satisfaction of both the time-based vesting condition and the performance-based vesting condition, one Share shall be delivered to the Key Person in settlement of each vested Performance Unit.

4. Termination of Relationship. In the event the Key Person incurs a Separation from Service for any reason other than death or Disability, any Performance Units that are unvested as of the Separation from Service shall be forfeited to the Company. In the event the Key Person incurs a Separation from Service due to death or Disability, any Performance Units that are unvested as of the Separation from Service shall immediately become fully vested on the date of termination and all restrictions shall lapse.

5. Change of Control. In the event of a Change of Control occurring after the Grant Date, the Change of Control provisions of Article 14 of the Plan shall apply to the Performance Units.

6. Non-Transferability of Performance Units. Except as expressly provided in the Plan or this Agreement, Performance Units may not be sold, assigned, transferred, pledged or otherwise disposed of, shall not be assignable by operation of law and shall not be subject to execution, attachment or similar process, except by will or the laws of descent and distribution. Any attempted sale, assignment, transfer, pledge or other disposition of any Performance Unit prior to vesting shall be null and void and without effect.

7. Taxes. The Key Person shall be responsible for taxes due upon the settlement of any Performance Unit granted hereunder and upon any later transfer by the Key Person of any Share received upon the settlement of a Performance Unit; provided that, unless the Committee determines otherwise, the Company shall withhold Shares otherwise deliverable to the Key Person as a result of the vesting and settlement of the Performance Units to cover all taxes due for those Performance Units.

8. Payroll Authorization. In the event that the Key Person does not make an arrangement acceptable to the Company to pay to the Company the tax withholding obligation due upon vesting or settlement of a Performance Unit or in the event that the Key Person does not pay the entire tax withholding obligation due upon vesting or settlement of a Performance Unit, the Key Person authorizes the Company to collect the amount due through a payroll withholding or to direct a broker to sell a sufficient number of the Key Person’s Shares to satisfy such obligation (and any related brokerage fees) and to remit to the Company from the proceeds of sale the amount due. In the event that the Key Person pays more than the tax withholding obligation due upon vesting or settlement of a Performance Unit, the Key Person authorizes the Company to return the excess payment through the Key Person’s payroll.

9. No Rights as a Stockholder. Prior to the settlement of any Performance Unit, the Key Person shall have no rights with respect to the Share issuable to the Key Person upon such settlement, shall not be treated as a Stockholder and shall not have any voting rights or the right to receive any dividends with respect to the Performance Unit or the underlying Share.

10. Notices. Any notices required or permitted hereunder shall be sent using any means (including personal delivery, courier, messenger service, facsimile transmission or electronic transmission), if to the Key Person, at the address set forth below or such other address as the Key Person may designate in writing to the Company or to the Key Person’s home address if no other address has been provided to the Company; and, if to the Company, at the address of its headquarters in Chicago, Attention: General Counsel, or such other address as the Company may designate in writing to the Key Person. Such notice shall be deemed duly given when it is actually received by the party for whom it was intended. The Company may deliver any documents related to current or future participation in the Plan by electronic means and the Key Person’s acceptance of the Award constitutes the Key Person’s consent to receive those documents by electronic delivery and to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

11. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

12. Amendment or Termination. This Agreement may not be amended or terminated unless such amendment or termination is in writing and duly executed by each of the parties hereto.

13. Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns, and the Key Person and the Key Person's executors, administrators, personal representatives and heirs. In the event that any part of this Agreement shall be held to be invalid or unenforceable, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

14. Entire Agreement. This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, discussions and understandings relating to such subject matter; provided, however, for the avoidance of doubt, the parties acknowledge that any confidentiality, non-competition, non-solicitation or similar restrictive covenant agreed to by the parties hereto on or before the Grant Date is not superseded by this Agreement and is an obligation of the parties hereto in addition to **Section 17** below.

15. Governing Law and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to principles and provisions thereof relating to conflict or choice of laws. Any and all actions concerning any dispute arising hereunder shall be filed and maintained only in a state or federal court sitting in the County of Cook, State of Illinois. The parties hereto specifically consent and submit to the jurisdiction of such court.

16. Incorporation of Terms of Plan. The terms of the Plan are incorporated herein by reference and the Key Person's rights hereunder are subject to the terms of the Plan even to the extent they are inconsistent with or in addition to the terms set forth herein. The Key Person hereby agrees to comply with all requirements of the Plan.

17. Non-Competition and Confidentiality. (a) Notwithstanding any provision to the contrary set forth elsewhere herein, the Performance Units, the Shares underlying the Performance Units and any proceeds received by the Key Person upon the sale of Shares underlying the Performance Units shall be forfeited by the Key Person to the Company without any consideration therefore, if the Key Person is not in compliance, at any time during the period commencing on the Grant Date and ending nine months following the Key Person's Separation from Service, with all applicable provisions of the Plan and with the following conditions:

(i) the Key Person shall not directly or indirectly (1) be employed by, engage or have any interest in any business which is or becomes competitive with the Company or its Subsidiaries or is or becomes otherwise prejudicial to or in conflict with the interests of the Company or its Subsidiaries, (2) induce any customer of the Company or its Subsidiaries to patronize such competitive business or otherwise request or advise any such customer to withdraw, curtail or cancel any of its business with the Company or its Subsidiaries or (3) hire or solicit for employment any person employed by the Company or its Subsidiaries or hire any person who was employed by the Company or its Subsidiaries at any time within nine months of such hire; provided, however, that this restriction shall not prevent the Key Person from acquiring and holding up to two percent of the outstanding shares of capital stock of any corporation which is or becomes competitive with

the Company or is or becomes otherwise prejudicial to or in conflict with the interests of the Company if such shares are available to the general public on a national securities exchange or in the over-the-counter market; and

(ii) the Key Person shall not use or disclose, except for the sole benefit of or with the written consent of the Company, any confidential information relating to the business, processes or products of the Company. Nothing in this Agreement, however, prohibits the Key Employee from reporting violations of law or regulation to any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a " **Governmental Entity** "), or from cooperating with any Governmental Entity, including the EEOC, the Securities and Exchange Commission or the Department of Justice.

(b) The Company shall notify in writing the Key Person of any violation by the Key Person of this **Section 17** . The forfeiture shall be effective as of the date of the occurrence of any of the activities set forth in **Section 17(a)** above. If the Shares underlying the Performance Units have been sold, the Key Person shall promptly pay to the Company the amount of the proceeds from such sale. The Key Person hereby consents to a deduction from any amounts owed by the Company to the Key Person from time to time (including amounts owed as wages or other compensation, fringe benefits or vacation pay) to the extent of the amounts owed by the Key Person to the Company under this **Section 17** . Whether or not the Company elects to make any set-off in whole or in part, the Key Person agrees to timely pay any amounts due under this **Section 17** . In addition, the Company shall be entitled to injunctive relief for any violation by the Key Person of this **Section 17** .

(c) Notwithstanding any provision of this Agreement to the contrary, the Key Person shall be entitled to communicate, cooperate and file a complaint with any Governmental Entity concerning possible violations of any U.S. federal, state or local law or regulation, and to otherwise make disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, as long as in each case the communications and disclosures are consistent with applicable law. The Key Person shall not forfeit any Performance Units, Shares held in connection with any Performance Units or proceeds from the sale of such Shares as a result of exercising any rights under this **Section 17(c)** .

18. Hedging Positions. The Key Person agrees that, at any time during the period commencing on the Grant Date and ending when the Award is fully settled or the Performance Units are forfeited, the Key Person shall not (a) directly or indirectly sell any equity security of the Company if the Key Person does not own the security sold, or if owning the security, does not deliver it against such sale within 20 days thereafter; or (b) establish a derivative security position with respect to any equity security of the Company that increases in value as the value of the underlying equity decreases (including a long put option and a short call option position) with securities underlying the position exceeding the underlying securities otherwise owned by the Key Person. In the event the Key Person violates this provision, the Company shall have the right to cancel the Award.

19. Code Section 409A. The Performance Units are intended to be exempt from (or in the alternative to comply with) Code Section 409A. This Agreement shall be construed and

interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A, consistent with Section 18.6 of the Plan. For purposes of Code Section 409A, each installment payment under this Agreement or the Plan, or otherwise payable to the Key Employee, shall be treated as a separate payment. Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any additional tax or penalty on the Key Employee under Code Section 409A and neither the Company nor the Committee shall have any liability to the Key Employee for such tax or penalty.

20. Clawback. The Award and all amounts and benefits received or outstanding under the Plan shall be subject to potential clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with the terms and conditions of any applicable Company clawback or similar policy or any applicable law related to such actions, as may be in effect from time to time. The Key Person's acceptance of the Award constitutes the Key Person's acknowledgement of and consent to the Company's application, implementation and enforcement of any applicable Company clawback or similar policy that may apply to the Key Person, whether adopted before or after the Grant Date, and any provision of applicable law relating to clawback, cancellation, recoupment, rescission, payback or reduction of compensation, and the Key Person's agreement that the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Grant Date.

LKQ CORPORATION	**KEY PERSON**
Sign Name: __________	Sign Name: __________
Print Name: __________	Print Name: __________
Title: ____________	Address: __________

____

CONFIDENTIAL

Change of Control Agreement

October 1, 2017

Varun Laroyia
500 W. Madison Street, Suite 2800
Chicago, IL 60661

Dear Mr. Laroyia:

LKQ Corporation, a Delaware corporation (the " Company "), considers it essential to the best interests of its stockholders to take reasonable steps to retain key management personnel. Further, the Board of Directors of the Company (the " Board ") recognizes that the uncertainty and questions that might arise among management in the context of any possible Change of Control (as defined below) of the Company could result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

In order to reinforce and encourage your continued attention and dedication to your assigned duties without distraction in the face of potentially disturbing circumstances arising from any possible Change of Control, the Company has determined to enter into this letter agreement (the " Agreement "), which addresses the terms and conditions of your separation from the Company in connection with a Change of Control or within two (2) years following the Change of Control Date (the " Change of Control Period "). Capitalized words that are not otherwise defined herein shall have the meanings assigned to those words in Section 11 hereof.

The Agreement provides severance benefits to you under certain circumstances since you are in a select group of management or highly compensated employees of the Company. This Agreement is designed to be an "employee welfare benefit plan," as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Exhibit A is a part of this Agreement and provides important information regarding this Agreement.

1. Operation of Agreement . The provisions of this Agreement pertaining to the terms and conditions of your separation from the Company in connection with a Change of Control (collectively, the " Severance Provisions ") shall apply only if a Change of Control occurs during the Effective Period. If a Change of Control occurs during the Effective Period, the Severance Provisions become effective on the date of the Change of Control (the " Change of Control Date "). Notwithstanding the foregoing, if (a) a Change of Control occurs during the Effective Period; and (b) your employment with the Company is terminated (other than your voluntary resignation without Good Reason or due to your death or Disability) during the Effective Period, but within twelve (12) months prior to the date on which the Change of Control occurs; and (c) it is reasonably demonstrated by

you that such termination of employment (i) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control, then the "Change of Control Date" shall instead mean the date immediately prior to the date of such termination of employment. In connection with the foregoing, your unvested equity-based compensation awards that are outstanding as of your termination shall remain outstanding to the extent necessary (but subject in all cases to their maximum term) to enable their potential future vesting and exercisability should a Change of Control occur within twelve months after your termination without Cause by the Company. This Agreement will remain in effect until the later of (x) the last day of the Effective Period; or (y) if a Change of Control occurs during the Effective Period, the date on which all benefits due to you under this Agreement, if any, have been paid. However, this Agreement will expire earlier (i) upon the date that your employment is terminated by the Company for Cause or by you without Good Reason or (ii) upon the first anniversary of the termination of your employment by the Company without Cause if no Change of Control has occurred before such first anniversary.

2. Termination of Employment by Reason of Death or Disability. Your employment shall terminate automatically if you die during the Change of Control Period. If the Company determines in good faith that you incurred a Disability during the Change of Control Period, it may give you written notice, in accordance with Section 5 hereof, of its intention to terminate your employment. In such event, your employment with the Company shall terminate effective on the thirtieth (30) calendar day after your receipt of such notice if you have not returned to full-time duties within thirty (30) calendar days after such receipt. If your employment is terminated for death or Disability during the Change of Control Period, this Agreement shall terminate without further obligations on the part of the Company other than the obligation to pay to you or your representative, as applicable, the following amounts:

   a. the Accrued Obligations, which shall be paid to you in a single lump sum cash payment within fifteen (15) calendar days of the Date of Termination;

   b. the Pro Rata Bonus, which shall be paid to you in a single lump sum cash payment no later than the later of (i) fifteen (15) calendar days following the Date of Termination or (ii) the effective date of the Waiver and Release; and

   c. the Other Benefits, which shall be paid in accordance with the terms and conditions of such plans, programs, policies, arrangements or agreements.

3. Termination for Cause; Resignation Other Than for Good Reason. If your employment is terminated for Cause or you resign for other than Good Reason during the Change of Control Period, your employment will terminate on the Date of Termination in accordance with Section 5 hereof and this Agreement shall terminate without further obligations on the part of the Company other than the obligation to pay to you the following:

a. the Accrued Obligations, which shall be paid to you in a single lump sum cash payment within fifteen (15) calendar days of the Date of Termination; and

b. the Other Benefits, which shall be paid in accordance with the terms and conditions of such plans, programs or policies.

4. Termination as a Result of an Involuntary Termination. In the event that your employment with the Company should terminate during the Change of Control Period as a result of an Involuntary Termination, the Company will be obligated, except as provided in Section 8 or Section 9 hereof, to provide you the following benefits:

a. Severance Payment. The Company shall pay to you the following amounts:

i. the Accrued Obligations, which shall be paid to you in a single lump sum cash payment within fifteen (15) calendar days of the Date of Termination;

ii. the Pro Rata Bonus, which shall be paid to you in a single lump sum cash payment no later than the later of (A) fifteen (15) calendar days following the Date of Termination or (B) the effective date of the Waiver and Release;

iii. an amount equal to the product of (A) 2.0 times (B) the sum of (1) your Adjusted Base Salary plus (2) the greater of (x) your Target Bonus or (y) the average of the annual bonuses paid or to be paid to you with respect to the immediately preceding three (3) fiscal years, which amount shall be paid to you in a single lump sum cash payment no later than the later of (i) fifteen (15) calendar days following the Date of Termination or (ii) the effective date of the Waiver and Release;

iv. if you had previously consented to the Company's request to relocate your principal place of employment more than forty (40) miles from its location immediately prior to the Change of Control, all unreimbursed relocation expenses incurred by you in accordance with the Company's relocation policies, which expenses shall be paid to you in a single lump sum cash payment no later than the later of (A) fifteen (15) calendar days following the Date of Termination or (B) the effective date of the Waiver and Release; and

v. the Other Benefits, which shall be paid in accordance with the then-existing terms and conditions of such plans, programs or policies.

b. Benefit Continuation. You and your then eligible dependents shall continue to be covered by and participate in the group health and dental care plans (collectively, "Health Plans") of the Company (at the Company's cost) in which you participated, or were eligible to participate, immediately prior to the Date of Termination through the end of the Benefit Continuation Period; ***provided***,

however , that any medical or dental welfare benefit otherwise receivable by you hereunder shall be reduced to the extent that you become covered under a group health or dental care plan providing comparable medical and health benefits. You shall be eligible to participate in such Health Plans on terms that are at least as favorable as those in effect immediately prior to the Date of Termination. However, in the event that the terms of the Company's Health Plans do not permit you to participate in those plans (other than pursuant to an election under the Consolidated Omnibus Budget Reconciliation Act of 1985 (" COBRA ")), in lieu of your and your eligible dependent's coverage and participation under the Company's Health Plans, the Company shall pay to you within fifteen (15) calendar days after the effective date of the Waiver and Release a lump sum equal to two (2) times your monthly COBRA premium amount for the number of months remaining in the Benefit Continuation Period. In addition, for the purposes of coverage under COBRA, your COBRA event date will be the date of loss of coverage described in this paragraph above.

c. Outplacement Services . The Company shall, at its sole expense as incurred, provide you with outplacement services on such terms and conditions as may be reasonably determined by the Company prior to the Change of Control.

d. Acceleration of Stock Awards . All your outstanding awards of restricted stock, stock options, and other equity-based compensation shall become fully vested and exercisable in full immediately upon the effective date of the Waiver and Release; provided, however, that any such awards that would be out of the money as of the Date of Termination may be terminated pursuant to Section 9(b) hereof. In addition, all of your outstanding awards of restricted stock, stock options, and other equity-based compensation that are not assumed or substituted with awards of equivalent value in connection with a Change of Control shall become fully vested and exercisable in full immediately upon the Change of Control.

5. Date and Notice of Termination . Any termination of your employment by the Company or by you during the Change of Control Period shall be communicated by a notice of termination to the other party hereto (the " Notice of Termination "). The Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated. The date of your termination of employment with the Company (the " Date of Termination ") shall be determined as follows: (i) if your employment is terminated for Disability, thirty (30) calendar days after a Notice of Termination is received by you (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) calendar day period), (ii) if your employment is terminated by the Company in an Involuntary Termination, the later of the date specified in the Notice of Termination or five (5) calendar days after the date the Notice of Termination is received by you, (iii) if you terminate your employment for Good Reason, five (5) calendar days after the date the Notice of Termination is received by the Company, and (iv) if your employment is

terminated by the Company for Cause, the later of the date specified in the Notice of Termination or five (5) calendar days following the date such notice is received by you. The Date of Termination for a resignation of employment other than for Good Reason shall be the date set forth in the applicable notice.

6. No Mitigation or Offset; D&O Insurance .

   a. No Mitigation or Offset . You shall not be required to mitigate the amount of any payment provided for herein by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by you as the result of employment by another employer.

   b. D&O Insurance, and Indemnification . Through at least the sixth anniversary of the Date of Termination, the Company shall maintain coverage for you as a named insured on all directors' and officers' insurance maintained by the Company for the benefit of its directors and officers on at least the same basis as all other covered individuals and provide you with at least the same corporate indemnification as it provides to other senior executives.

7. Confidentiality . You agree to treat all Confidential Information as confidential information entrusted to you solely for use as an employee of the Company, and shall not divulge, reveal or transmit any Confidential Information in any way to persons not employed by the Company at any time from the date hereof until the end of time, whether or not you continue to be an employee of the Company, unless authorized in writing by the Company.

8. Code Section 409A . The Agreement is not intended to constitute a "nonqualified deferred compensation plan" within the meaning of Code Section 409A. Notwithstanding the foregoing, in the event this Agreement or any benefit paid under this Agreement to you is deemed to be subject to Code Section 409A, you consent to the Company's adoption of such conforming amendments as the Company deems advisable or necessary, in its sole discretion (but without an obligation to do so), to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A. This Agreement will be interpreted and construed to not violate Code Section 409A, although nothing herein will be construed as an entitlement to or guarantee of any particular tax treatment to you.

   For purposes of this Agreement, a termination of employment means a "separation from service" as defined in Code Section 409A. Each payment made pursuant to any provision of this Agreement shall be considered a separate payment and not one of a series of payments for purposes of Code Section 409A. While it is intended that all payments and benefits provided under this Agreement to you will be exempt from or comply with Code Section 409A, the Company makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Code Section 409A. The Company will have no liability to you or any other person or entity if a payment or benefit under this Agreement is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. You further understand and agree that you

will be entirely responsible for any and all taxes on any benefits payable to you as a result of this Agreement. As a condition of participation in the Agreement, you understand and agree that you will never assert any claims against the Company for reimbursement or payment of any Code Section 409A additional taxes, penalties and/or interest.

If upon your "separation from service" within the meaning of Code Section 409A, you are then a "specified employee" (as defined in Code Section 409A), then solely to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, the Company shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following such "separation from service" under this Agreement until the earlier of (i) the first business day of the seventh month following your "separation from service," or (ii) ten (10) days after the Company receives written confirmation of your death. Any such delayed payments shall be made without interest. For avoidance of doubt, any payment whose amount is derived from the value of a Company common share shall be calculated using the value of a common share as of the closing on the expiration date of the foregoing Code Section 409A delay period.

To the extent any nonqualified deferred compensation payment to you could be paid in one or more of your taxable years depending upon you completing certain employment-related actions, then any such payments will commence or occur in the later taxable year to the extent required by Code Section 409A.

No reimbursement payable to you pursuant to any provisions of this Agreement or pursuant to any plan or arrangement of the Company shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, and no such reimbursement during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, except, in each case, to the extent that it does not violate Code Section 409A.

Any reimbursement payable to you under this Agreement or pursuant to any plan or arrangement of the Company shall be paid in accordance with the Company's established procedures provided, however, that to the extent necessary to comply with Code Section 409A, the following requirements will be adhered to: (1) such reimbursement arrangements will provide an objectively determinable nondiscretionary definition of the expenses eligible for reimbursement or of the in-kind benefits to be provided, (2) such reimbursement arrangements will provide for the reimbursement of expenses incurred or for the provision of the in-kind benefits during an objectively and specifically prescribed period (including the lifetime of the service provider), (3) such reimbursement arrangements will provide that the amount of expenses eligible for reimbursement, or in-kind benefits provided, during your taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, (4) the reimbursement of an eligible expense will be made on or before the last day of your taxable year following the taxable year in which the expense was incurred, and (5) the right to reimbursement or in-kind benefits will not be subject to liquidation or exchange

for another benefit. Additionally, to the extent required by Code Section 409A, an eligible reimbursement expense must be incurred by you no later than the end of the second year following the year in which your Date of Termination occurs and any reimbursement payments to you must be made not later than the end of the third year following your Date of Termination (or, in the case of in-kind benefits, by the end of the second year following your Date of Termination).

9. Certain Reduction of Payments by the Company .

a. Best Net . Anything in this Agreement to the contrary notwithstanding, in the event that the independent auditors of the Company (the " Accounting Firm ") determine that receipt of all payments or distributions in the nature of compensation to or for your benefit, whether paid or payable pursuant to this Agreement or otherwise (" Payments "), would subject you to tax under Section 4999 of the Code, the Payments paid or payable pursuant to this Agreement (the " COC Payments "), including payments made with respect to equity-based compensation accelerated pursuant to Section 4(d) hereof, but excluding payments made with respect to Sections 4(a)(i) and 4(a)(ii) hereof (except as provided below), may be reduced (but not below zero) to the Reduced Amount, but only if the Accounting Firm determines that the Net After-Tax Receipt of unreduced aggregate Payments would be equal to or less than the Net After-Tax Receipt of the aggregate Payments as if the Payments were reduced to the Reduced Amount. If such a determination is not made by the Accounting Firm, you shall receive all COC Payments to which you are entitled under this Agreement.

b. Reduced Amount . If the Accounting Firm determines that Payments should be reduced to the Reduced Amount, the Company shall promptly give you notice to that effect and a copy of the detailed calculation thereof. Absent manifest error, all determinations made by the Accounting Firm under this Section 9 shall be binding upon you and the Company and shall be made as soon as reasonably practicable and in no event later than twenty (20) business days following the Change of Control Date, or such later date on which there has been a Payment. The reduction of the Payments, if applicable, shall be made by reducing the payments and benefits hereunder in the following order, and only to the extent necessary to achieve the Reduced Amount:

The Company shall reduce or eliminate the Payments, by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination.

All fees and expenses of the Accounting Firm in implementing the provisions of this Section 9 shall be borne by the Company. To the extent requested by you, the Company shall cooperate with you in good faith in valuing services provided or to be provided by you (including without limitation, your agreeing to refrain from

performing services pursuant to a covenant not to compete or similar covenant) before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the Treasury Regulations adopted under Section 280G of the Code (the " Regulations ")), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the Regulations and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the Regulations in accordance with Q&A-5(a) of the Regulations.

c. Subsequent Adjustment . As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to you or for your benefit pursuant to this Agreement which should not have been so paid or distributed (" Overpayment ") or that additional amounts which will have not been paid or distributed by the Company to you or for your benefit pursuant to this Agreement could have been so paid or distributed (" Underpayment "), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or you that the Accounting Firm believes has a high probability of success, determines that an Overpayment has been made, you shall pay any such Overpayment to the Company; provided , however , that no amount shall be payable by you to the Company if and to the extent such payment would not either reduce the amount of taxes to which you are subject under Sections 1 and 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be paid promptly (and in no event later than sixty (60) days following the date on which the Underpayment is determined) by the Company to you or for your benefit.

10. Successors; Binding Agreement .

a. Assumption by Successor . The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform its obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform such obligations if no such succession had taken place; ***provided*** , ***however*** , that no such assumption shall relieve the Company of its obligations hereunder. As used herein, the " Company " shall mean the Company as hereinbefore defined and any successor to its business or assets as aforesaid which assumes and agrees to perform its obligations by operation of law or otherwise.

b. Enforceability; Beneficiaries . This Agreement shall be binding upon and inure to the benefit of you (and your personal representatives and heirs) and the Company and any organization which succeeds to substantially all of the business or assets of the Company, whether by means of merger, consolidation, acquisition of all or substantially all of the assets of the Company or otherwise, including, without limitation, as a result of a Change of Control or by operation of law. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

11. Definitions . For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

a. " Accounting Firm " has the meaning assigned thereto in Section 9 hereof.

b. " Accrued Obligations " shall mean all compensation earned or accrued through the Date of Termination but not paid as of the Date of Termination, including base salary, bonus for the prior performance year, accrued but unused vacation, and reimbursement of business expenses accrued in accordance with the Company's business expense reimbursement policies.

c. " Adjusted Base Salary " means the greater of your base salary in effect immediately prior to (i) the Change of Control Date or (ii) the Date of Termination.

d. " Agreement " has the meaning assigned thereto in the second introductory paragraph hereof.

e. "Benefit Continuation Period " means the period beginning on the Date of Termination and ending on the last day of the month in which occurs the earlier of (i) the 24-month anniversary of the Date of Termination and (ii) the date on which you elect coverage for you and your covered dependents under substantially comparable benefit plans of a subsequent employer.

f. " Board " has the meaning assigned thereto in the first introductory paragraph hereof.

g. " Bonus Opportunity " for any performance year means your maximum cash bonus opportunity for that year, on the assumption that the Company achieves all applicable performance targets and that you achieve all applicable individual performance criteria.

h. “ Cause ” shall mean (i) your engaging in willful and continued failure to substantially perform your material duties with the Company (other than due to becoming Disabled); ***provided, however*** , that the Company shall have provided you with written notice of such failure and such failure is not cured by you within twenty (20) calendar days of such notice; (ii) your engaging in misconduct that is materially and demonstrably injurious to the Company; (iii) your conviction of, or plea of no contest to, a felony, other crime of moral turpitude; or (iv) a final non-appealable adjudication in a criminal or civil proceeding that you have committed fraud. For purposes of the previous sentence, no act or failure to act on your part shall be deemed “willful” if it is done, or omitted to be done, by you in good faith and with a reasonable belief that it was in the best interest of the Company.

i. “ Change of Control ” shall mean:

i. any “person” (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section, the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company, or (iv) any acquisition pursuant to a transaction that complies with Sections 11(i)(iii)(A), (B), and (C);

ii. during any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constituted the Board and any new directors, whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least three-fourths of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

iii. there is a consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business

Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

j. " Change of Control Date " has the meaning assigned thereto in Section 1 hereof.

k. " Change of Control Period " has the meaning assigned thereto in the second introductory paragraph hereof.

l. " COC Payments " has the meaning assigned thereto in Section 9 hereof.

m. " Code " shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

n. " Company " has the meaning assigned thereto in the first introductory paragraph hereof.

o. " Confidential Information " shall mean all financial information, trade secrets, personnel records, training and operational manuals, records, contracts, lists, business procedures, business methods, accounts, brochures, and handbooks that was learned or obtained by you in the course of your employment by the

Company, and all other documents relating to the Company or persons doing business with the Company that are proprietary to the Company.

p. "Date of Termination" has the meaning assigned thereto in Section 5 hereof.

q. "Disability" shall mean your incapacity due to physical or mental illness as defined in the long-term disability plan sponsored by the Company or an affiliate of the Company for your benefit and which causes you to be absent from the full-time performance of your duties.

r. "Effective Period" shall mean the period commencing on the date hereof (the "Effective Date") and ending on the third anniversary of the date of this Agreement; ***provided, however***, that beginning on the third anniversary of the date of this Agreement and on each one-year anniversary thereafter (each such date a "Renewal Date"), the Effective Period shall be automatically extended for a period of two years beginning on such Renewal Date, unless at least sixty (60) calendar days prior to such Renewal Date, the Company shall give notice that the Effective Period shall not be so extended.

s. "Good Reason" shall mean the occurrence of any of the following events or circumstances:

i. a substantial adverse change in your title, position, offices, or the nature of your duties or responsibilities from those in effect immediately prior to the Change of Control, or in the position, level, or status of the person to whom you report.

ii. a reduction by the Company in your annual base salary, Target Bonus, or benefits as in effect immediately prior to the Change of Control or as the same may be increased from time to time thereafter, other than a general reduction in benefits applicable across similarly situated executives within the Company;

iii. a failure by the Company to pay you material compensation or benefits when due including, without limitation, failure by the Company to pay any accrued relocation expenses or Other Benefits;

iv. the relocation of the office of the Company where you are principally employed immediately prior to the Change of Control to a location which is more than forty (40) miles from such office of the Company (except for required travel on the Company's business to an extent substantially consistent with your customary business travel obligations in the ordinary course of business prior to the Change of Control); or any failure by a successor to the Company to assume and agree to perform this Agreement, as contemplated by Section 10(a) hereof, or any agreement with respect to your outstanding equity awards.

provided, however, that no event or condition set forth in subparagraphs (i) through (v) above shall constitute Good Reason unless (x) you give the Company written notice of objection to such event or condition within sixty (60) calendar days of the initial occurrence of such event or condition and (y) such event or condition is not corrected or remedied, in all material respects, by the Company within thirty (30) calendar days of its receipt of such notice; and ***provided, further, however*** , that your mental or physical incapacity following the occurrence of an event described above in subparagraphs (i) through (v) above shall not affect your ability to terminate employment for Good Reason and that your death following delivery of a Notice of Termination shall not affect your estate's entitlement to the payments and benefits provided hereunder upon an Involuntary Termination. In order to qualify as a termination of employment due to Good Reason, you must resign your employment for Good Reason within forty (40) calendar days after you have provided the Company with the foregoing notice that a Good Reason event has occurred.

t. " Involuntary Termination " shall mean, during the Change of Control Period, (i) your termination of employment by the Company without Cause or (ii) your resignation of employment with the Company for Good Reason.

u. " Net After-Tax Receipt " shall mean the present value (as determined in accordance with Section 280G(d)(4) of the Code) of a Payment net of all taxes imposed on you with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to your taxable income for the immediately preceding taxable year, or such other rate(s) as you certify as likely to apply to you in the relevant tax year(s).

v. " Notice of Termination " has the meaning assigned thereto in Section 5 hereof.

w. " Other Benefits " means, to the extent not theretofore paid or provided, any other amounts or benefits required to be paid or provided to you or that you are eligible to receive under any plan, program, policy, practice, contract or agreement of the Company in accordance with such applicable terms at the time of the Date of Termination. Nothing herein shall prohibit the Company from changing, modifying, amending, or eliminating any benefit plans in accordance with the terms of such plans prior to the Date of Termination, with or without prior notice.

x. " Overpayment " has the meaning assigned thereto in Section 9 hereof.

y. " Pro Rata Bonus " means a pro rata portion of your Bonus Opportunity for the performance year in which the Date of Termination occurs, calculated based on the number of days that you are employed in the performance year up through and including the Date of Termination.

z. " Payment " has the meaning assigned thereto in Section 9 hereof.

aa. “ Reduced Amount ” shall mean $1,000.00 less than the greatest amount of Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code.

bb. “ Severance Policy ” means the Company’s Severance Policy for Key Executives as adopted on July 21, 2014 and as may be amended from time to time.

cc. “ Target Bonus ” for any year means your total cash target, but not maximum, bonus for that year, on the assumption that the Company has achieved, but not exceeded, all applicable performance targets and that you have achieved, but not exceeded, all applicable individual performance criteria.

dd. “ Underpayment ” has the meaning assigned thereto in Section 9 hereof.

ee. “ Tax Authority ” has the meaning assigned thereto in Section 9 hereof.

12. Notice . For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the Board of Directors, LKQ Corporation, 500 West Madison Street, Suite 2800, Chicago, IL 60661, with a copy to the General Counsel of the Company, or to you at the address set forth on the first page of this Agreement or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

13. Release. As a condition to receiving any payments or benefits pursuant to this Agreement by reason of your death, Disability or Involuntary Termination, you (or in the case of your death, the executor of your estate) must execute a waiver and release of claims, including confidentiality and non-disparagement covenants, substantially in the form approved by the Company prior to the Change of Control Date (as set forth on Exhibit B attached hereto) (a “ Waiver and Release ”), and such executed Waiver and Release must be delivered to the Company (and not revoked by you) and become effective by its own terms no later than 55 days after the later of (i) the Change of Control or (ii) the termination of your employment with the Company.

14. Arbitration . Any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties hereto shall be settled exclusively by arbitration in Chicago, Illinois under the employment arbitration rules of the American Arbitration Association before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by the Company and you, or, if the Company and you cannot agree on the selection of the arbitrator, such arbitrator shall be selected by the American Arbitration Association. Judgment may be entered on the arbitrator’s award in any court having jurisdiction. The parties hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific enforcement of the terms of this Agreement. The Company agrees to pay as incurred, to the fullest extent permitted by

law, the costs and fees of the arbitration, including all legal fees and expenses which you may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, you or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by you about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

15. Miscellaneous .

a. Amendments, Waivers, Etc . No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement and this Agreement shall supersede all prior agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, with respect to the subject matter hereof. Notwithstanding the foregoing and for avoidance of doubt, this Agreement does not supersede or replace the Severance Policy. However, any payments or benefits provided (or to be provided) under this Agreement shall be reduced and offset by payments or benefits of the same type that are received by you from the Company under the Severance Policy or any other severance arrangement.

b. Validity . The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

c. Counterparts . This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

d. No Contract of Employment . Nothing in this Agreement shall be construed as giving you any right to be retained in the employ of the Company or shall affect the terms and conditions of your employment with the Company prior to the commencement of the Change of Control Period.

e. Withholding . Amounts paid to you hereunder shall be subject to all applicable federal, state and local withholding taxes.

f. Source of Payments . All payments provided under this Agreement shall be paid in cash from the general funds of the Company, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. You will have no right, title or interest whatsoever in or to any investments which the

Company may make to aid it in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured creditor of the Company.

g. Headings . The headings contained in this Agreement are intended solely for convenience of reference and shall not affect the rights of the parties to this Agreement.

h. Governing Law . This Agreement is governed by ERISA and, to the extent applicable, the laws of the State of Delaware without regard to conflicts of law.

i. Effect on Benefit Plans . In the event of any inconsistency between the provisions of this agreement and the provisions of any benefit plan of the Company, the provisions that are more favorable to you shall control.

* * * * *

By signing below, you acknowledge that this Agreement sets forth our agreement on the subject matter hereof. Kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

LKQ CORPORATION

By: /s/ Victor M. Casini

Name: Victor M. Casini

Title: Senior Vice President and General Counsel

Agreed to as of this 1st day of October, 2017

/s/ Varun Laroyia

Varun Laroyia

Chief Financial Officer and Executive Vice President

EXHIBIT A

The Agreement, including its Exhibits, constitutes both the official plan document and the required summary plan description under ERISA.

ELIGIBILITY

The Agreement is effective for the individual named in the Agreement (" **you** ").

BENEFITS

You shall be eligible for severance benefits at such times and in such amounts as may be specified in your Agreement.

OTHER IMPORTANT INFORMATION

A. Agreement Administration . As the Agreement Administrator, the Company has the full and sole discretionary authority to administer and interpret the Agreement, including discretionary authority to determine eligibility for participation in and for benefits under the Agreement, to determine the amount of benefits (if any) payable per participant, and to interpret any terms of this document. All determinations by the Agreement Administrator will be final and conclusive upon all persons and be given the maximum possible deference allowed by law. The Agreement Administrator is the "named fiduciary" of the Agreement for purposes of ERISA and will be subject to the applicable fiduciary standards of ERISA when acting in such capacity. The Company may delegate in writing to any other person all or a portion of its authority or responsibility with respect to the Agreement.

B. Source of Benefits . The Agreement is unfunded, and all severance benefits will be paid from the general assets of the Company or its successor. No contributions are required under the Agreement.

C. Claims Procedure . If you believe you have been incorrectly denied a benefit or are entitled to a greater benefit than the benefit you received under the Agreement, you may submit a signed, written application to the Company's Senior Vice President of Human Resources (" **Claims Administrator** "). You will be notified in writing of the approval or denial of this claim within ninety (90) days of the date that the Claims Administrator receives the claim, unless special circumstances require an extension of time for processing the claim. In the event an extension is necessary, you will be provided written notice prior to the end of the initial ninety (90) day period indicating the special circumstances requiring the extension and the date by which the Claims Administrator expects to notify you of approval or denial of the claim. In no event will an extension extend beyond ninety (90) days after the end of the initial ninety (90) day period. If your claim is denied, the written notification will state specific reasons for the denial, make specific reference to the Agreement provision(s) on which the denial is based, and provide a description of any material or information necessary for you to perfect the claim and why such material or information is necessary. The written notification will also provide a description of the Agreement's review procedures and the applicable time limits, including a statement of your right to bring a civil suit under section 502(a) of ERISA following denial of your claim on review.

You will have sixty (60) days from receipt of the written notification of the denial of your claim to file a signed, written request for a full and fair review of the denial by a review panel which will be a named fiduciary of the Agreement for purposes of such review. This request should include the reasons you are requesting a review and may include facts supporting your request and any other relevant comments, documents, records and other information relating to your claim. Upon request and free of charge, you will be provided with reasonable access to, and copies of, all documents, records and other information relevant to your claim, including any document, record or other information that was relied upon in, or submitted, considered or generated in the course of, denying your claim. A final, written determination of your eligibility for benefits shall be made within sixty (60) days of receipt of your request for review, unless special circumstances require an extension of time for processing the claim, in which case you will be provided written notice of the reasons for the delay within the initial sixty (60) day period and the date by which you should expect notification of approval or denial of your claim. This review will take into account all comments, documents, records and other information submitted by you relating to your claim, whether or not submitted or considered in the initial review of your claim. In no event will an extension extend beyond sixty (60) days after the end of the initial sixty (60) day period. If an extension is required because you fail to submit information that is necessary to decide your claim, the period for making the benefit determination on review will be tolled from the date the notice of extension is sent to you until the date on which you respond to the request for additional information. If your claim is denied on review, the written notification will state specific reasons for the denial, make specific reference to the Agreement provision(s) on which the denial is based and state that you are entitled to receive upon request, and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your claim, including any document, record or other information that was relied upon in, or submitted, considered or generated in the course of, denying your claim. The written notification will also include a statement of your right to bring an action under section 502(a) of ERISA.

If your claim is initially denied or is denied upon review, you are entitled to receive upon request, and free of charge, reasonable access to, and copies of, any document, record or other information that demonstrates that (1) your claim was denied in accordance with the terms of the Agreement, and (2) the provisions of the Agreement have been consistently applied to similarly situated participants, if any. In pursuing any of your rights set forth in this section, your authorized representative may act on your behalf.

If you do not receive notice within the time periods described above, whether on initial determination or review, you may initiate a lawsuit under Section 502(a) of ERISA.

D. Indemnification. The Company agrees to indemnify its officers and employees and the members of the Board of Directors of the Company from all liabilities from their acts or omissions in connection with the administration, amendment or termination of the Agreement, to the maximum extent permitted by applicable law.

E. Severability. If any provision of the Agreement is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Agreement, and the Agreement will be construed and enforced as if such provision had not been included.

F. Headings. Headings in the Agreement are for purposes of reference only and will not limit or otherwise affect the meaning hereof.

STATEMENT OF ERISA RIGHTS

As a participant in the Agreement you are entitled to certain rights and protections under ERISA. ERISA provides that all Agreement participants shall be entitled to:

A. Receive Information About Your Agreement and Benefits

Examine, without charge, at the Agreement Administrator’s office and at other specified locations, such as work sites, all documents governing the Agreement.

Obtain, upon written request to the Agreement Administrator, copies of documents governing the operation of the Agreement. The Agreement Administrator may impose a reasonable charge for the copies.

B. Prudent Actions by Agreement Fiduciaries

In addition to creating rights for Agreement participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Agreement, called “fiduciaries” of the Agreement, have a duty to do so prudently and in the interest of you and other Agreement participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

C. Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Agreement documents and do not receive it within 30 days, you may file suit in a federal court. In such a case, the court may require the Agreement Administrator to provide the materials and pay you up to $110.00 per day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Agreement Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court after you have completed the Agreement's administrative appeals process. If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

D. Assistance With Your Questions

If you have any questions about the Agreement, you should contact the Agreement Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Agreement Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

ADDITIONAL AGREEMENT INFORMATION

Name of Agreement:	Change of Control Agreement
Employer Sponsoring Agreement:	LKQ Corporation. 500 West Madison Street, Suite 2800, Chicago, IL 60661
Employer Identification Number:	36-4215970
Agreement Number:	513
Agreement Year:	Calendar Year
Agreement Administrator:	LKQ Corporation c/o Senior Vice President of Human Resources 500 West Madison Street, Suite 2800, Chicago, IL 60661 Telephone No. (312) 621-1950
Agent for Service of Legal Process:	Agreement Administrator, at the above address
Type of Agreement:	Employee Welfare Benefit Plan providing for severance benefits
Agreement Costs:	The cost of the Agreement is paid by LKQ Corporation
Type of Administration:	Self-administered by the Agreement Administrator

EXHIBIT B

WAIVER AND GENERAL RELEASE AGREEMENT

Exhibit 10.26

This Waiver and Release Agreement (this " Release ") is entered into as of the date indicated on the signature page of this Release by and between LKQ Corporation, a Delaware corporation (the " Company ") and (" Employee "). Employee has been employed by the Company, and the parties are entering into this Release because the employment relationship is ending, without fault or wrongdoing on the part of either the Company or Employee, who agree as follows:

1. Release .

a. In exchange for the valuable consideration set forth in the Change of Control Agreement dated as of ____________ ___, 20___ (the " Letter Agreement "), between Employee and the Company, the receipt and adequacy of which are herein acknowledged, Employee hereby agrees to release and forever discharge the Company and its present, former and future partners, shareholders, affiliates, direct and indirect parents, subsidiaries, successors, directors, officers, employees, agents, attorneys, heirs and assigns (the " Released Parties "), from any and all claims, actions and causes of action (the " Claims ") arising out of (i) his employment relationship with and service as an employee of the Company and its affiliates, and the termination of such relationship or service, or (ii) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof, including, but not limited to any Claims under Title VII of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Americans With Disabilities Act of 1990, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Employee Retirement Income Security Act of 1974 (ERISA), the Family and Medical Leave Act of 1993, the California Fair Employment and Housing Act; the California Workers' Compensation Act; the California Unruh and Ralph Civil Rights Laws; the California Alcohol and Drug Rehabilitation Law and any other federal, state or local law, statute, regulation or ordinance, or law of any foreign jurisdiction, whether such Claim arises under statute or common law and whether or not Employee is presently aware of the existence of such Claim. Employee also forever releases, discharges and waives any right he may have to recover in any proceeding brought by any federal, state or local agency against the Released Parties to enforce any laws. To ensure that this Release is fully enforceable in accordance with its terms, Employee agrees to waive any and all rights to any Claims, whether or not he knows or suspects them to exist in his favor, which if known to him would have materially affected his execution of this Release. Notwithstanding the foregoing, this Release does not apply to Employee's rights, claims, or benefits under the Letter Agreement or to Employee's rights, if any, to payment of benefits pursuant to any employee benefit plan. This Release also does not apply to Employee's rights, claims, or benefits claims for unemployment compensation benefits, workers compensation benefits, claims under the Fair Labor Standards Act, health insurance benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA), or claims with regard to vested benefits under a retirement plan governed by ERISA.

b. **To ensure that this Release is fully enforceable in accordance with its terms, Employee hereby agrees to waive any and all rights under Section 1542 of the California Civil Code (to the extent applicable) as it exists from time to time, which provides:**

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

In addition, to ensure that this Release is fully enforceable in accordance with its terms, Employee hereby agrees to waive any protection that may exist under any comparable or similar statute and under any principle of common law of the United States or any and all States.

EMPLOYEE UNDERSTANDS THAT, BY SIGNING THIS RELEASE, EMPLOYEE WILL HAVE WAIVED ANY RIGHT THAT HE MAY HAVE TO BRING A LAWSUIT OR MAKE ANY CLAIM AGAINST THE COMPANY AND THE RELEASED PARTIES BASED ON ANY ACT OR OMISSIONS BY THEM UP TO THE DATE OF SIGNING THIS AGREEMENT.

c. In further consideration of the payments and benefits provided to Employee under the Letter Agreement, Employee hereby releases and forever discharges the Released Parties from any and all Claims that he may have as of the date he signs this Release arising under the federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder (" ADEA "). By signing this Release, Employee hereby acknowledges and confirms the following: (i) he was advised by the Company in connection with his termination to consult with an attorney of his choice prior to signing this Release and to have such attorney explain to him the terms of this Release, including, without limitation, the terms relating to his release of claims arising under the ADEA; (ii) if Employee is 40 years of age or older as of the date of execution of this Release, he was given a period of not fewer than 21 calendar days to consider the terms of this Release and to consult with an attorney of his choosing with respect thereto; (iii) he is providing the release and discharge set forth in this Paragraph 1(c) only in exchange for consideration in addition to anything of value to which he is already entitled and (iv) he can revoke this Release without it becoming effective as described below.

2. No Legal Claim . Employee has not commenced any legal action, which term includes, without limitation, any demand for arbitration proceedings and any charge, complaint, filing or submission with any federal, state or local agency, court or other tribunal, to assert any Claim against a Released Party, and covenants and agrees not to do so in the future with respect to the matters released herein. If Employee commences or joins any legal action against a Released Party, Employee agrees that such an action is prohibited by this Release, and further agrees to promptly indemnify such Released Party for its reasonable costs and attorneys fees incurred in defending such action as well as forfeit or return any monetary judgment obtained by Employee against any Released Party in such

action. Nothing in this Paragraph 2 is intended to reflect any party's belief that Employee's waiver of claims under the ADEA is invalid or unenforceable under this Release, it being the intent of the parties that such claims are waived.

3. Nondisparagement . Employee agrees to refrain, except as required by law or in connection with a judicial proceeding, from making directly or indirectly, now or at any time in the future, any written or oral statements, representations or other communications that disparage or are otherwise damaging to the business or reputation of the Released Parties.

4. Continuing Obligations . This Release shall not supersede any continuing obligations Employee may have under the terms of the Letter Agreement or any other agreement between Employee and the Company.

5. Disclaimer . Employee hereby certifies that Employee has read the terms of this Release, that Employee has been advised by the Company to consult with an attorney of Employee's own choice prior to executing this Release, that Employee has had an opportunity to do so, and that Employee understands the provisions and consequences of this Release. Employee further certifies that the Company has not made any representation to Employee concerning this Release other than those contained herein.

6. Governing Law . This Release is governed by ERISA and, to the extent applicable, the laws of the State of Delaware without regard to conflicts of law.

7. Separability of Clauses . If any provisions of this Release shall be finally determined to be invalid or unenforceable under applicable law by a court of competent jurisdiction, that part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining provisions of this Release.

8. Counterparts . This Release may be executed by the parties hereto in counterparts, each of which shall be deemed an original, but both such counterparts shall together constitute one and the same document.

9. Effectiveness . This Release shall be effective only when it has been executed by Employee and the executed original has been returned to the Company, and any applicable revocation period has expired.

IN WITNESS WHEREOF, the Company has caused this Release to be signed by its duly authorized officer, and Employee has executed this Release as of the day and year indicated below Employee's signature.

LKQ CORPORATION

By:

Name:
Title:

If Employee is 40 years of age or older as of the date of execution of this Release, Employee shall have the right to revoke this Release during the seven-day period (the "Revocation Period") commencing immediately following the date he signs and delivers this Release to the Company. The Revocation Period shall expire at 5:00 p.m. [INSERT TIME ZONE] Time on the last day of the Revocation Period; provided, however, that if such seventh day is not a business day, the Revocation Period shall extend to 5:00 p.m. on the next succeeding business day. In the event Employee revokes this Release, all obligations of the Company under this Release and under any agreement which are conditional upon this Release shall terminate and be of no further force and effect as of the date of such revocation. No such revocation by Employee shall be effective unless it is in writing and signed by him and received by the Company prior to the expiration of the Revocation Period at the following address:

LKQ Corporation
ATTN: General Counsel
500 W. Madison Street, Suite 2800
Chicago, IL 60661

I HAVE READ AND AGREE
TO THIS RELEASE:

____
Name:

Date:

Deed No. 302/2017

R e c o r d e d
in Frankfurt am Main, on 10 December 2017

Before me, the undersigned notary
in the district of the Higher Regional Court (*Oberlandesgericht*) of Frankfurt am Main
Dr. Thorsten Reinhard
with office in Frankfurt am Main

appeared today on the premises of Hengeler Mueller, Partnerschaft von Rechtsanwälten mbB, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, to where I had betaken myself upon request of the parties,

1.Mr.Michael Übelacker, date of birth 07 October 1977, with business address at Stahlgruber Otto Gruber AG, Gruber Str. 65, 85586 Poing, identified by his valid photo identification,

acting not in his own name, but based on a power of attorney, the original of which was presented and a copy of which is attached to this deed, its word-for-word-conformity to the original being hereby certified by the notary, on behalf of

Stahlgruber Otto Gruber AG, a stock corporation (*Aktiengesellschaft*) under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under number HRB 171253, with business address at Gruber Str. 65, 85586 Poing;

2.Ms. Valesca Maria Molinari, date of birth 15 October 1984, with business address at Baker & McKenzie Partnerschaft von Rechtsanwälten, Wirtschaftsprüfern und Steuerberatern mbB, Bethmannstraße 50-54, 60311 Frankfurt am Main, identified by her valid photo identification,

acting not in her own name, but based on a power of attorney, the original of which was presented and a copy of which is attached to this deed, its word-for-word-conformity to the original being hereby certified by the notary, and by way of precaution also based on a second power of attorney, a copy of which was presented is attached to this deed, on behalf of

LKQ German Holdings GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany, registered with the local court of Munich under HRB 236066, with business address at c/o Baker & McKenzie, Bethmannstraße 50-54, 60311 Frankfurt am Main;

3.Dr. Florian Karl Anton Kästle, date of birth 07 June 1965, with business address at

Baker & McKenzie Partnerschaft von Rechtsanwälten, Wirtschaftsprüfern und Steuerberatern mbB, Bethmannstraße 50-54, 60311 Frankfurt am Main, personally known to the notary,

acting not in his own name, but based on a power of attorney, a copy of which was presented and is attached to this deed, on behalf of

LKQ Corporation, a stock corporation under the laws of Delaware, United States, registered with Department of State of Delaware, Division of Corporations, file no. 2859370, with its principal executive offices at 500 West Madison Street, Suite 2800, Chicago, Illinois 60661, USA.

The persons appearing disclaimed any personal liability as to the validity and scope of the powers of attorney on the bases of which they acted to the extent legally permitted.

The notary advised the persons appearing that he is obliged to verify the power of repre- sentation of the persons appearing. After a discussion of the documentation presented regarding LKQ Corporation, the persons appearing declared that they did not wish any further proof regarding the power of representation of the third person appearing and requested the notary to continue with the notarization.

The third person appearing promised to provide the original of his power of attorney, dis- claiming any personal liability, and so did the second person appearing regarding the sec- ond power of attorney she presented.

The notary asked the persons appearing regarding a prior involvement pursuant to sec- tion 3 (1) sentence 1 no. 7 German Notarization Act (*Beurkundungsgesetz*). After having been instructed by the notary, the persons appearing answered this question in the nega- tive.

The persons appearing declared that each of the parties represented by them acted for its own account under this deed.

The persons appearing requested this deed to be recorded in the English language. They confirmed that they are in adequate command of the English language. The notary de- clared that he as well is in adequate command of the English language. German language text was read aloud in German.

The persons appearing incorporated in this deed by reference pursuant to section 13a German Notarization Act the notarial reference deed (*Bezugsurkunde*) no. 193/2017 of the notary Dr. Alexander Jänecke, Frankfurt am Main, dated 08/10 December 2017 (the "Reference Deed"), the original (*Urschrift*) of which was available at the notarization. The persons appearing confirmed that they have full knowledge of the contents of the Refer- ence Deed. The persons appearing approved the Reference Deed including all Exhibits and Schedules thereto in its entirety and in all respects; as a matter of precaution, they adopted the declarations made in the Reference Deed as their own. References in the present deed to Exhibits and Schedules that are not attached hereto shall be read as ref- erences to such Exhibits and Schedules contained in the Reference Deed. After having been advised by the notary of the relevance of the reference to the Reference Deed, the persons appearing waived their right to have the Reference Deed read out to them and to have a copy thereof attached to the present deed.

The persons appearing thereupon requested the notarization of the following:

Sale and Purchase Agreement regarding the sale and purchase of Stahlgruber Group

Stahlgruber Otto Gruber AG, LKQ German Holdings GmbH and LKQ Corporation hereby enter into the sale and purchase agreement regarding the sale and purchase of Stahlgruber Group attached as Appendix .

The notary advised the persons appearing that

- the parties hereto are, by operation of law, jointly and severally liable with respect to the payment of all notarial fees, irrespective of any internal agreement entered into in that respect;
- he did not advise the parties on tax issues and therefore will not assume any liability

in this respect.

This deed and its Appendix (including Exhibit 9.2) have been read aloud by the notary to the persons appearing apart from the table of contents, list of exhibits and list of sched- ules, which have been added for informational purposes only and do not form part of this deed.

Thereupon, this deed and its Appendix were approved by the persons appearing and signed by the persons appearing and the notary in their own hands as follows:

signed Übelacker

signed Valesca Molinari

signed Kästle
signed Th. Reinhard, Notar

(notary's seal)

SALE AND PURCHASE AGREEMENT

EXECUTION VERSION

regarding the
sale and purchase of

Stahlgruber Group

Sale and Purchase Agreement

by and between

---

1. **Stahlgruber Otto Gruber AG** , a stock corporation (*Aktiengesellschaft*) under the laws of Germany, having its registered office at Gruber Str. 65, 85586 Poing, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under number HRB 171253,

- herein " **Seller** " -

2. **LKQ German Holdings GmbH** , a limited liability company (*GmbH*) under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under number HRB 236066,

- herein " **Purchaser** " -

3. **LKQ Corporation** , a stock corporation under the laws of Delaware, United States, having its registered office at500 West Madison Street, Suite 2800, Chicago, Illinois 60661, USA and registered with the U.S. Securities and Exchange Commission under the central index key (CIK) 0001065696,

- herein " **Guarantor** " -

- Seller and Purchaser and Guarantor herein also referred to individually as a " **Party** " and collectively as " **Parties** " -

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Definitions

Affiliate(s)	means any affiliate(s) (*verbundene(s) Unternehmen*) within the meaning of Section 15 German Stock Corporation Act (*AktG*) or corresponding provisions under the laws of other jurisdictions including, in the case of private equity or similar funds, each of such funds and the funds managed by the same or affiliated companies as well as the manager and the portfolio companies of such funds (and their respective affiliate(s) (*verbundene(s) Unternehmen*) within the meaning of Section 15 German Stock Corporation Act (*AktG*) or corresponding provisions under the laws of other jurisdictions), but excluding direct and indirect investors in such funds and such investors' respective affiliate(s) (*verbundene(s) Unternehmen*) within the meaning of Section 15 German Stock Corporation Act (*AktG*) or corresponding provisions under the laws of other jurisdictions
Agreed Contribution Gain Amount	as defined in Section 14.2.1
Agreed Interest Rate	as defined in Section 14.2.4
Agreement	as defined in Recital (C)
Ancillary Agreements	means the Share Transfer Agreement,

the
Downstream Loans Claims Transfer Agreement, the Downstream Loans Termination Agreement and the Upstream Loans Assumption Agreement
Antitrust Clearances as defined in Section 9.1
Base Purchase Price as defined in Section 7.1.1
Break Fee as defined in Section 9.7

Business as defined in Recital (B)
Business Day(s) means any day(s) on which banks are open for general business in Munich, Germany
Cash Pooling as defined in Section 3.2
Cash Pooling Agreements as defined in Section 4.1
Cash Pooling Termination Date as defined in Section 4.1
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Downstream Loans Claims Transfer
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Equity Value Bridge as defined in Section 7.2
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External Debt Financing Agreements as defined in Section 3.1
Fairly Disclosed as defined in Section 12.3
Financing Securities as defined in Section 3.1
Fundamental Guarantee(s) as defined in Section 16.1.1
General Liability Cap as defined in Section 16.5
German GAAP means the German generally accepted
accounting principles
Guarantor as defined in the list of parties
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Key Employees as defined in Section 10.1.12.2
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Litigation Agreement as defined in Section 15.1.4
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Material IP Rights as defined in Section 10.1.11.1 Material JV Companies as defined in Section 10.1.6
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Procedure Pre-Effective Date VAT Allocation Procedure
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Purchaser's Guarantee(s) as defined in Section 11.1
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Security Charges as defined in Section 18.1
Security Liabilities as defined in Section 18.1
Security Release Period as defined in Section 18.1
Seller as defined in the list of parties

Seller-Related Person means any individual person who is (y) a direct or indirect shareholder, director or other member of a supervisory body or officer of Seller or any Seller's Affiliate or (z) a relative (*Angehöriger*) of any such individual person within the meaning of Section 15 of the German Tax Code (*AO*)
Seller's Account as defined in Section 8.1
Seller's Affiliate(s) as defined in Section 2.2
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Seller's Beneficiary as defined in Section 19.1
Seller's Brokerage Account as defined in Section 8.2
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Stahlgruber Grundstücks-Verwaltung as defined in Section 14.2
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Stahlgruber Immobilien GmbH & Co. KG
Stahlgruber Subsidiaries as defined in Section 2.2 Step-up Benefit as defined in Section 14.2

Subsidiary / Subsidiaries	means any subsidiary / subsidiaries (*abhängige(s) Unternehmen*) within the meaning of Section 17 German Stock Corporation Act (*AktG*) or corresponding provisions under the laws of other jurisdictions
Substitute Purchaser	as defined in Section 7.6
Surviving Intra-Group Agreements	as defined in Section 15.1
Target Company	as defined in Section 2.1
Target Shares	as defined in Section 2.1
Tax Authority	means any governmental authority competent for the charging and imposition of Taxes
Taxes	means all taxes and tax-related ancillary obligations (*steuerliche Nebenleistungen*) within the meaning of Section 3 German Tax Code (*AO*) and equivalent taxes and obligations under the laws of any other jurisdiction
Third Party Claim	as defined in Section 12.4
Time Limitations	as defined in Section 16.1
Total Purchase Price	as defined in Section 7.1
Transitional Services Agreements	as defined in Section 15.5
Upstream Loan(s)	as defined in Section 4.2
Upstream Loans Assumption Agreement	as defined in Section 4.2
US GAAP	means the US generally accepted accounting principles
VAT	as defined in Section 23.3
VAT Allocation Procedure	as defined in Section 14.5
W&I Insurance	as defined in Section 16.4
W&I Liability Cap	as defined in Section 16.4

RECITALS

(A) **WHEREAS** , Seller is the direct or indirect owner of the companies and participations listed in **Exhibit (A)** (herein collectively " **Stahlgruber Group** ").

(B) **WHEREAS** , Stahlgruber Group is active in the wholesale and retail business for vehicle accessories and vehicle spare parts (such as brakes, chassis, power trains, electronics, engine technology and thermal systems) as well as for workshop equipment and tools with a wide product range, focusing in particular on supplying car repair workshops, wholesalers (including, in particular, major internet retailers) and tire dealers with OEM brand parts and accessories for cars and light commercial vehicles (herein collectively " **Business** ").

(C) **WHEREAS** , Seller intends to sell and transfer Stahlgruber Group to Purchaser, a wholly-owned indirect Subsidiary of Guarantor, and Purchaser intends to purchase and acquire Stahlgruber Group from Seller, in each case in accordance with the terms and conditions of this sale and purchase agreement (herein " **Agreement** ").

(D) **WHEREAS** , Guarantor wishes to guarantee the performance of Purchaser's obligations under this Agreement in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the Parties agree as follows:

1.Transaction Dates

1.1." **Signing Date** " shall be the day on which this Agreement has been notarized.

1.2." **Effective Date** " shall be 31 December 2016, 24:00 hours.

1.3." **CP Completion Date** " shall be the day on which the Closing Condition (as defined in Section 9.1 below) has been fulfilled or duly waived.

1.4." **Scheduled Closing Date** "shall be

1.4.1. the tenth (10 th) Business Day after the CP Completion Date, but not earlier than 8 January 2018; or

1.4.2. any other day as agreed in writing between the Parties.

1.5." **Closing Date** " shall be the day on which the last of the Closing Events (as defined in Section 9.8 below) has taken place or has been duly waived.

2.Current Corporate Status and Corporate Reorganization

2.1.Seller holds six (6) shares with a nominal value of EUR 25,000 (in words: Euro twenty-five thousand), EUR 4,975,000 (in words: Euro four million nine hundred seventy-five thousand), EUR 5,000,000 (in words: Euro five million), EUR 2,500,000 (in words: Euro two million five hundred thousand), EUR 37,499,000 (in words: Euro thirty-seven million four hundred ninety-nine thousand) and EUR 1,000 (in words: Euro one thousand) (herein collectively " **Target Shares** ") representing 100% (in words: one hundred percent) of the share capital in the aggregate amount of EUR 50,000,000 (in words: Euro fifty million) of Stahlgruber GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany, having its registered office at Gruber Str. 65, 85586 Poing, Germany, and registered with the commercial register

(*Handelsregister*) of the local court (*Amtsgericht*) of Munich under number HRB 163613 (herein " **Target Company** ").

2.2.The Target Company directly or indirectly holds the shares in the Subsidiaries listed in **Exhibit 2.2-1** (herein collectively " **Stahlgruber Subsidiaries** "). The Target Company and the Stahlgruber Subsidiaries are herein collectively referred to as " **Companies** " and each individually as a " **Company** ".The Companies listed in **Exhibit 2.2-2** are herein collectively referred to as " **Material Companies** " and each individually as a " **Material Company** ". The Affiliates of Seller, other than the Companies, are herein collectively referred to as " **Seller's Affiliates** " and each as a " **Seller's Affiliate** ".

2.3.Seller, certain of Seller's Affiliates, and certain of the Companies undertook in 2015 a corporate reorganization as part of which (i) Seller as transferring entity (*übertragender Rechtsträger*) transferred by operation of law certain assets and liabilities (y) partly to the Target Company and (z) partly to REMA TIP TOP AG, a stock corporation (*Aktiengesellschaft*) under the laws of Germany, having its registered office at Gruber Str. 65, 85586 Poing, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under number HRB 209454 (herein " **REMA TIP TOP** "), each as receiving entities (*übernehmende Rechtsträger*) under a certain hive-down and takeover agreement (*Ausgliederungs- und Übernahmevertrag*) dated 16 June 2015 (registered with the commercial register (*Handelsregister*) of Seller on 21 August

2015) and (ii) Stahlgruber Immobilien GmbH, a former limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany, formerly having its registered office at Gruber Str. 65, 85586 Poing, Germany, and formerly registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 146451 (herein " **Stahlgruber Immobilien GmbH** "), as transferring entity (*übertragender Rechtsträger*) transferred by operation of law all of its assets and liabilities (y) partly to the Target Company and (z) partly to REMA TIP TOP, each as receiving entities (*übernehmende Rechtsträger*) under a certain split-up and takeover agreement (*Aufspaltungs- und Übernahmevertrag*) dated also 16 June 2015 (registered with the commercial register (*Handelsregister*) of Stahlgruber Immobilien GmbH on 23 July 2015) (herein collectively " **Corporate Reorganization** ").

3.Current Financing Status

3.1.Certain Companies are as at the Signing Date parties to certain external debt financing arrangements in relation to Stahlgruber Group which are listed with outstanding amounts of principal, interest and other charges, if any, as of 30 November 2017 (or as otherwise specified) in **Exhibit 3.1** (herein collectively " **External Debt Financing Agreements** "). The outstanding debt under the External Debt Financing Agreements is secured by certain security interests granted by certain Companies, Seller and/or Seller's Affiliates (herein collectively " **Financing Securities** ").

3.2.Seller as cash pool leader and certain of the Companies operate a financing cash pooling system using settlement accounts (*Verrechnungskonten*) (herein collectively " **Cash Pooling** "). The outstanding balances under the Cash Pooling between (i) the Companies and Seller and (ii) Seller and the Companies, as the case may be, are treated as intra-group loans. The applicable interest rate for the outstanding balances under the Cash Pooling is agreed amongst Seller and the respective Companies from time to time and has amounted from the Effective Date through the Signing Date to three percent (3%) p.a. and will amount from the

Signing Date through the Closing Date to 300 (in words: three hundred) basis points above the respective applicable thirty (30)-days EURIBOR p.a..

3.3.The Parties are aware and Purchaser acknowledges that as a result of the change of control in the Target Company occurring upon the consummation of the transactions contemplated under this Agreement, certain of the External Debt Financing Agreements can be terminated by the respective other party with

immediate effect, and the outstanding amounts thereunder will become immediately repayable. The Parties agree that Purchaser shall be responsible for any refinancing becoming necessary after the Closing Date due to any such termination rights being exercised and any costs associated with such refinancing shall be for the account of the Purchaser. Seller undertakes to cooperate with Purchaser and to assist Purchaser by applying all commercially reasonable efforts in the negotiation with the lenders and/or agents under the respective External Debt Financing Agreements of any pay-off and release documentation which Purchaser may reasonably require under its own financing arrangements in order to be provided with the funds required for the refinancing.

4.Termination of Cash Pooling and Downstream Loans, Assumption of Upstream Loans

4.1.Seller shall procure (*steht dafür ein*) that all agreements relating to the Cash Pooling to the extent existing between Seller and the Companies as listed in **Exhibit 4.1** (herein collectively " **Cash Pooling Agreements** ") shall be terminated no later than five (5) Business Days prior to (but excluding) the Scheduled Closing Date with effect as of such termination date (herein " **Cash Pooling Termination Date** ").

4.2. If and to the extent there exists under the Cash Pooling Agreements on the Cash Pooling Termination Date a balance owed by Seller to any Company, any such balance shall be treated as an upstream loan extended from the respective Company to Seller (herein each an " **Upstream Loan** " and collectively " **Upstream Loans** "). Seller shall deliver to Purchaser no later than on the Cash Pooling Termination Date a written notice stating the aggregate outstanding balance owed by Seller to the respective Companies under any Upstream Loans, including accrued and capitalized interest thereon, as at the Scheduled Closing Date (herein " **Closing Upstream Loans Amount** "). In consideration of the reduction of the Total Purchase Price (as defined in Section 7.1 below) in an amount equal to the Closing Upstream Loans Amount pursuant to Section 7.1.6 below, Purchaser shall on the Scheduled Closing Date assume all obligations and liabilities of Seller under or in connection with any Upstream Loans in the amount of the Closing Upstream Loans Amount from, and under full release (*mit schuldbefreiender Wirkung*) of, Seller by means of entering into an Upstream Loans assumption agreement substantially in the form as attached hereto as **Exhibit 4.2-1** (herein " **Upstream Loans Assumption Agreement** "). Seller shall procure (*steht dafür ein*) that any Company which is a lender under any Upstream Loan shall in such

capacity declare its consent to the contemplated assumption by Purchaser in accordance with the Upstream Loans Assumption Agreement by written declaration substantially in the form as attached hereto as **Exhibit 4.2-2** , no later

than on the Cash Pooling Termination Date.

4.3. If and to the extent there exists under the Cash Pooling Agreements on the Cash Pooling Termination Date a balance owed by any Company to Seller, any such balance shall be treated as a downstream loan extended by Seller to the respective Company (herein each a " **Downstream Loan** " and collectively " **Downstream Loans** "). No later than on the Cash Pooling Termination Date, Seller shall deliver to Purchaser a written notice stating the aggregate outstanding balance owed by the respective Companies to Seller under any Downstream Loans, including accrued and capitalized interest thereon, if any, as at the Scheduled Closing Date (herein " **Closing Downstream Loans Amount** ").

4.4.Seller shall, and shall procure (*steht dafür ein*) that the respective Companies, terminate on, or prior to, the Scheduled Closing Date all agreements relating to the Downstream Loans and cancel and waive all claims and obligations thereunder, if any, except for the claims for repayment of the respective portion of the Closing Downstream Loans Amount (herein collectively " **Downstream Loans Claims** "), with effect as of the Closing Date in accordance with a separate termination and waiver agreement substantially in the form as attached hereto as **Exhibit 4.4** (herein " **Downstream Loans Termination Agreement** ").

5. Sale, Purchase and Transfer of Target Shares

5.1.Seller hereby (i) sells (*verkauft*) to Purchaser the Target Shares, including all rights and obligations pertaining thereto, in particular the right to any profits not yet distributed on or prior to the Effective Date, with economic effect (*mit wirtschaftlicher Wirkung*) as at the Effective Date, and (ii), subject to the Closing

Condition (as defined in Section 9.1 below) having been fulfilled or duly waived, undertakes to transfer (*übertragen*) to Purchaser the Target Shares on the Scheduled Closing Date in accordance with the terms and conditions of a separate transfer agreement substantially in the form as attached hereto as **Exhibit 5.1** (herein " **ShareTransfer Agreement** ").

5.2.Purchaser hereby purchases from Seller the Target Shares and undertakes to accept on the Scheduled Closing Date the transfer (*Übertragung*) of the Target Shares in accordance with the terms and conditions of the Share Transfer Agreement.

6. Sale, Purchase and Transfer of Downstream Loans Claims

6.1.Seller hereby (i) sells (*verkauft*) to Purchaser the Downstream Loans Claimsand (ii) subject to the Closing Condition (as defined in Section 9.1 below) having been fulfilled or duly waived, undertakes to transfer (*abtreten*) to Purchaser the Downstream Loans Claims on the Scheduled Closing Date in accordance with the terms and conditions of a separate transfer agreement substantially in the form as attached hereto as **Exhibit 6.1** (herein " **Downstream LoansClaimsTransfer Agreement** ").

6.2.Purchaser hereby purchases from Seller the Downstream Loans Claims and undertakes to accept on the Scheduled Closing Date the transfer (*Abtretung*) of the Downstream Loans Claims in accordance with the terms and conditions of the Downstream Loans Claims Transfer Agreement.

6.3.Purchaser shall procure (*steht dafür ein*) that, during a period of at least one (1) year following the Closing Date, the Downstream Loans Claims are neither partially nor fully repaid to Purchaser or to any other person or entity that acquired (whether by contractual transfer or otherwise) the Downstream Loans Claims.

7.Purchase Price

7.1.The purchase price for the Target Shares and the Downstream Loans Claims shall, subject to Section 14.1 below, be the aggregate of:

7.1.1. a fixed amount of:

EUR 1,316,479,780

(in words: Euro one billion three hundred sixteen million four hundred seventy-nine thousand and seven hundred eighty)

(herein " **Base Purchase Price** ");

plus

7.1.2. an amount of EUR 75,000 (in words: Euro seventy-five thousand) per day for every day in the period commencing on (and including)

1 January 2017 and ending on (and excluding) the earlier of (i) 1 March 2018 and (ii) the Closing Date (herein " **Daily Cash Amount** ");

plus

7.1.3. an amount of EUR 90,000 (in words: Euro ninety thousand) per day for every day, if any, in the period commencing on (and including) 1 March 2018 and ending on (and excluding) the earlier of (i) the 151 st day after the Signing Date and (ii) the Closing Date (herein " **Increased Daily Cash Amount I** ");

plus

7.1.4. an amount of EUR 140,000 (in words: Euro one hundred forty thousand) per day for every day, if any, in the period commencing on (and including) the 151 st day after the Signing Date and ending on (and excluding) the Closing Date (herein " **Increased Daily Cash Amount II** ");

plus

7.1.5. the Closing Downstream Loans Amount, if any;

minus

7.1.6. the Closing Upstream Loans Amount, if any;

minus

7.1.7. the Identified Leakage Deduction Amount (as defined in Section 7.5 below);

(herein collectively " **Total Purchase Price** ").

7.2.The calculation of the Base Purchase Price, as derived from the underlying enterprise value of Stahlgruber Group as at the Effective Date, is attached hereto as **Exhibit 7.2** (herein " **Equity Value Bridge** ").

7.3.The Total Purchase Price shall be allocated to the Target Shares and the Downstream Loans Claims, if any, as follows:

7.3.1. an amount equal to the balance of the Total Purchase Price less the Closing Downstream Loans Amount shall be allocated to the Target Shares; and

7.3.2. the Closing Downstream Loans Amount shall be allocated to the Downstream Loans Claims.

7.4.The Total Purchase Price shall be delivered to Seller

7.4.1.by a cash payment on the Scheduled Closing Date (herein " **Cash Portion** ") in an amount equal to the Total Purchase Price minus EUR 268,000,000 (in words: Euro two hundred sixty-eight million); and

7.4.2.by the transfer of 8,055,569 (in words: eight million fifty-five thousand five hundred and sixty-nine) shares of common stock of Guarantor, USD 0.01 par value, to be delivered to Seller on the Scheduled Closing Date (herein " **LKQ Shares** ");

all in accordance with Section 8 below.

7.5.At least five (5) Business Days prior to (but excluding) the Scheduled Closing Date Seller shall inform Purchaser of the amounts of any (i) Leakage (as defined in Section 10.1.19 below) other than Permitted Leakage (as defined in Section 10.1.19 below) and (ii) any payments qualifying as Permitted Leakage set out on Schedule 10.1.19, which have in each case been made or otherwise occurred in the period from the Effective Date until the date ten (10) Business Days prior to (but excluding) the Scheduled Closing Date. The Parties agree that the total amount of such Leakage, including the Permitted Leakage set out on

Schedule 10.1.19, shall be compensated by Seller on the Scheduled Closing Date through a deduction item in the calculation of the Total Purchase Price pursuant to Section 7.1.7 above (herein " **IdentifiedLeakage Deduction Amount** "). Nothing in this Section 7.5 shall affect Purchaser's rights under this Agreement in case of a breach of Seller's No Leakage Guarantee (as defined in Section 10.1.19 below) and/or Seller's No Leakage Covenant (as defined in Section 13.4 below), if and to the extent the respective Leakage is not covered by the Identified Leakage Deduction Amount.

7.6.Until five (5) Business Days prior to (but excluding) the Scheduled Closing Date Guarantor may nominate by written notice to Seller in the form attached as **Exhibit 7.6** and duly executed on behalf of Guarantor, Purchaser and the

Substitute Purchaser another wholly-owned direct or indirect Subsidiary of Guarantor with corporate seat in Germany to replace Purchaser as purchaser under this Agreement (herein " **Substitute Purchaser** "). Upon receipt of the duly executed notice by Seller the original Purchaser shall for all purposes of this Agreement be deemed replaced by the Substitute Purchaser, all rights and obligations of the Purchaser shall be deemed assigned to and assumed with release of the original Purchaser by the Substitute Purchaser and the Substitute Purchaser shall for all purposes of this Agreement be deemed the Purchaser, provided that any breaches of this Agreement, consents or other actions of the original Purchaser shall be fully attributed to the Substitute Purchaser as if the Substitute Purchaser had committed such breaches, given such consents or performed any other such actions itself.

8.Payments and Default; Delivery of LKQ Shares

8.1.The Cash Portion of the Total Purchase Price shall be due (*fällig*) on the

Scheduled Closing Date and shall be paid by Purchaser in accordance with the provisions of Section 9.8 below by wire transfer, free of charges (other than by Seller's bank) to Seller, in immediately available funds into Seller's bank account to be notified by Seller to Purchaser no later than five (5) Business Days prior to (but excluding) the Scheduled Closing Date (herein " **Seller's Account** ").

8.2.Purchaser shall procure (*steht dafür ein*) the delivery of the LKQ Shares to Seller and the booking of the LKQ Shares into Seller's Brokerage Account (as defined below) on the Scheduled Closing Date by causing the general counsel of Guarantor to send on the Scheduled Closing Date a notice in writing or text form to the transfer agent of Guarantor (herein " **LKQ Shares Transfer Notice** ") instructing that the LKQ Shares should be issued via electronic delivery to one (1) brokerage or securities account with a reputable US or German-based broker which shall be notified by Seller to Purchaser in writing no later than five (5) Business Days prior to (but excluding) the Scheduled Closing Date (herein " **Seller's Brokerage Account** ").

8.3.Purchaser shall procure (*steht dafür ein*) that the LKQ Shares are freely transferable by Seller immediately following the Closing Date under Section 4(a)(1) of the U.S. Securities Act of 1933, as amended (herein " **Securities Act** ") and are not "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act. Seller acknowledges receipt on 10 November 2017 of the prospectus contained in Guarantor's registration statement on Form S-4 declared

effective by the Securities Exchange Commission on 25 August 2009 (herein " **Registration Statement** "), together with Guarantor's most recent reports on Form 10-K and 10-Q incorporated by reference therein. Purchaser shall procure (*steht dafür ein*) that K&L Gates LLP, U.S. legal counsel to Guarantor (or another reputable US law firm), shall furnish to Seller a written opinion, substantially in the form set forth in **Exhibit 8.3** and dated the Scheduled Closing Date (herein " **K&L Gates Opinion** "). If only a copy of the K&L Gates Opinion is delivered to Seller on the Scheduled Closing Date in accordance with Section 9.8.7 below, Purchaser shall procure (*dafür einstehen*) that the original shall be delivered to Seller without undue delay, but in any event no later than three (3) Business Days following the Closing Date.

8.4.Unless otherwise instructed by Seller in writing no later than five (5) Business Days prior to (but excluding) the respective due date, all other payments owed by Purchaser to Seller under this Agreement shall be paid by Purchaser by wire transfer, free of charges (other than by Seller's bank) to Seller, in immediately available funds into Seller's Account.

8.5.All payments owed by Seller to Purchaser under this Agreement, if any, shall be paid by, or on behalf of, Seller by wire transfer, free of charges (other than by Purchaser's bank) to Purchaser, in immediately available funds into the bank account notified by Purchaser to Seller in writing no later than five (5) Business Days prior to (but excluding) the respective due date.

8.6.Except as otherwise provided herein, each of the Parties shall pay interest on any amount becoming due (*fällig*) and payable (*zahlbar*) to any other Party under this Agreement as from (and including) the respective due date until (but excluding) the day of actual payment at the rate of 900 bp (in words: nine hundred basis

points) above the base interest rate (*Basiszinssatz*) within the meaning of Section 247 German Civil Code (*BGB*). In case Purchaser fails to pay any portion of the Cash Portion of the Total Purchase Price in accordance with Section 8.1 above, the foregoing default interest (*Verzugszins*) shall be paid in addition to the Daily Cash Amount and the Increased Daily Cash Amount I and the Increased Daily Cash Amount II, if any.

9.Closing Condition and Closing

9.1.The closing (*Vollzug*) of the transactions contemplated under this Agreement (herein " **Closing** ") pursuant to Section 9.8 below shall be subject to the condition

precedent (*aufschiebende Bedingung*) (herein " **Closing Condition** ") that the merger control approvals or clearances required under the European merger control rules or, in case of a full referral to national authorities, national merger control rules or, in case of a partial referral to national authorities, both the European and national merger control rules, have been obtained or are deemed, by applicable laws, to have been obtained, e.g. because of the lapse, expiration or termination of the applicable waiting periods or because jurisdiction has been declined (herein collectively " **Antitrust Clearances** ").

9.2.Purchaser shall take all actions necessary to prepare the necessary filings for the Antitrust Clearances as soon as reasonably possible following the Signing Date and shall commence pre-filing guidance by filing the draft Form CO no later than fifteen (15) Business Days after the Signing Date and the final Form CO at the earliest date acceptable to the European Commission. Purchaser shall take all

actions necessary to furnish the relevant authority with all information required in connection therewith. Seller undertakes to reasonably cooperate with Purchaser by (i) providing information concerning Stahlgruber Group and the Business, to the extent reasonably required by Purchaser for such purpose, and (ii) taking the actions set forth in **Exhibit 9.2** , in each case to the extent reasonably required and reasonably requested by Purchaser to support Purchaser to comply with Purchaser's Antitrust Undertakings (as defined in Section 9.2.2 below) (herein " **Seller's Antitrust Cooperation Obligations** "). Further, the Parties agree on the following:

9.2.1.Purchaser shall (i) give Seller reasonable advance notice of any notification, submission or other communication which it proposes to make or submit to any authority and (ii) provide Seller with copies of such draft notification, submission or correspondence and any supporting documentation or information reasonably requested by Seller, provided that Purchaser shall, to the extent required by law, not be obliged to provide Seller with any confidential information or business secrets, which information shall be provided to Seller's counsel on a counsel-to-counsel basis only. Purchaser undertakes to take any comments of Seller in relation to any such notification, submission or communication into due consideration. Purchaser further agrees to keep Seller fully informed as to the progress of any notification made in order to obtain the Antitrust Clearances. Seller and its advisors shall be entitled to attend all meetings with any relevant authority or other persons or bodies (unless prohibited by the relevant authority or other person or body or law) and

make oral submissions at such meetings to the extent necessary or appropriate.

9.2.2.Purchaser shall be responsible for obtaining the Antitrust Clearances and, in particular, shall undertake (or cause to be undertaken) any and all steps necessary to avoid or eliminate each and every impediment under any law, rule or regulation that may be asserted by any relevant authority so as to enable Seller and Purchaser to consummate the transactions contemplated under this Agreement, including (i) committing to and effecting as promptly as possible (i.e. in first phase proceedings, if possible under relevant rules), the sale or disposition of any assets, properties or businesses (or any parts thereof) of the Companies, Purchaser and/or any of its Affiliates, and (ii) entering into such other arrangements, including any business restrictions, necessary to avoid the effect of delaying or preventing the consummation of the transactions contemplated under this Agreement (herein " **Purchaser's Antitrust Undertakings** ").

9.3.Purchaser shall not, and shall procure (*steht dafür ein*) that its Affiliates shall not, enter into any transaction or any agreement to effect any transaction (including any merger or acquisition) that might reasonably be expected to make it more difficult or to materially increase the time required to obtain the Antitrust Clearances.

9.4.Purchaser shall notify Seller in writing without undue delay of (i) the Closing Condition having been fulfilled and/or (ii) the definitive (*endgültige*) failure of the Closing Condition to be fulfilled.

9.5.Seller shall, until Closing has occurred, be entitled to withdraw from (*zurücktreten*) this Agreement with effect for all Parties by written notice to Purchaser (i) if the Closing Condition is not fulfilled until the date which is 300 days after the Signing Date (herein " **Drop Dead Date** "), or (ii) if Purchaser has not fulfilled all of the Closing Events in breach (*schuldhafte Pflichtverletzung*) of the terms and conditions of this Agreement and such breach by Purchaser has not been remedied by Purchaser within ten (10) Business Days after having been notified by Seller in writing of such breach, unless Seller is at the same time in breach of Seller's obligations to fulfill the Closing Events or in default with any action required to be taken by Seller under this Agreement and necessary for Purchaser to fulfill the Closing Events (herein " **Closing Default** ").

9.6. In the event of a withdrawal (*Rücktritt*) of Seller, none of the Parties shall have any obligation or incur any liability towards any of the other Parties provided that (i) the obligation of Purchaser to pay the Break Fee (as defined in Section 9.7 below), (ii) the obligation of a Party to pay further damages for breach (*schuldhafte Pflichtverletzung*) of this Agreement prior to the date of withdrawal, if any, and (iii) the provisions in Section 20 through Section 29 below shall in each case survive and remain in full force and effect.

9.7. If and once

9.7.1.Seller has withdrawn (*zurückgetreten*) from this Agreement pursuant to Section 9.5 above because any of the Antitrust Clearances has not been obtained prior to, or at the latest on, the Drop Dead Date, unless the failure to obtain the relevant Antitrust Clearances is the result of Seller breaching, in a grossly negligent manner (*grob fahrlässig*) or wilfully (*vorsätzlich*), Seller's Antitrust Cooperation Obligations, it being agreed that the failure to obtain the relevant Antitrust Clearances shall be deemed the result of any such breach by Seller of Seller's Antitrust Cooperation Obligations only if such breach by Seller of Seller's Antitrust Cooperation Obligations was the primary cause for the failure to obtain the relevant Antitrust Clearances; or

9.7.2.Seller has withdrawn (*zurückgetreten*) from this Agreement pursuant to Section 9.5 above because of a Closing Default by Purchaser,

Purchaser shall pay to Seller a break fee in the amount of EUR 75,000,000 (in words: Euro seventy-five million) as liquidated damages (*pauschalierter Schadensersatz*) to compensate Seller for any costs, expenses and other damages incurred in connection with the transactions contemplated under this Agreement (herein " **Break Fee** "). The Break Fee shall not prejudice Seller from claiming from Purchaser, in any form whatsoever, further damages of any kind exceeding the Break Fee incurred as a result of a breach (*schuldhafte Pflichtverletzung*) of the terms and conditions of this Agreement.

9.8.Closing shall occur on the Scheduled Closing Date. At 10:00 a.m., or any other time as agreed between the Parties, on the Scheduled Closing Date, the Parties

and/or their duly authorized representatives shall convene at the offices of Hengeler Mueller, Leopoldstr. 8-10, 80802 Munich, Germany, or any other place as agreed between the Parties, and the following events (herein " **Closing Events** ") shall take place simultaneously (*Zug-um-Zug*):

9.8.1.Delivery by Seller to Purchaser of a written confirmation that Seller has not breached any of the Fundamental Guarantees (as defined in Section 16.1.1 below) substantially in the form as attached hereto as **Exhibit 9.8.1** ;

9.8.2.Execution of the Share Transfer Agreement between Seller and Purchaser;

9.8.3.Execution of (i) the Downstream Loans Claims Transfer Agreement between Seller and Purchaser and/or (ii) the Upstream Loans Assumption Agreement between Seller and Purchaser, as applicable;

9.8.4.Execution of the Transitional Services Agreements (as defined in Section 15.5 below) between Seller and the Target Company, unless executed prior to the Scheduled Closing Date;

9.8.5.Execution of the License Agreement (as defined in Section 15.6 below) between Seller and the Target Company, unless executed prior to the Scheduled Closing Date;

9.8.6.Submission by the general counsel of Guarantor of the LKQ Shares Transfer Notice and booking of the LKQ Shares into Seller's Brokerage Account;

9.8.7.Delivery of the original or a copy of the K&L Gates Opinion to Seller; and

9.8.8.Payment by Purchaser of the Cash Portion of the Total Purchase Price to Seller's Account once the Closing Event set forth in Section 9.8.6 above has been fulfilled.

9.9.Each of Seller and Purchaser may waive the non-fulfilment of any of the Closing Events (or parts thereof) by the respective other Party by written notice to the other Party, provided that (i) the Closing Event pursuant to Section 9.8.1 may only be waived by Purchaser, (ii) the Closing Events pursuant to Sections 9.8.2 through 9.8.5 above may only be waived by Seller and Purchaser jointly and (iii) the Closing Events pursuant to Sections 9.8.6 through 9.8.8 above may only be waived by Seller. Each of Seller and Purchaser hereby irrevocably accepts any such waiver by the other Party. Any such waiver shall not prejudice any rights or remedies which may be available to the waiving Party under or in connection with

this Agreement. Any such waiver may include a requirement that the relevant Closing Event (or parts thereof) shall be fulfilled as soon as possible and the waiving Party shall in such case be entitled to request such due performance after the Closing Date.

9.10.Immediately following the fulfilment and/or waiver, as the case may be, of all Closing Events, Seller and Purchaser shall execute a closing protocol substantially in the form as attached hereto as **Exhibit 9.10** confirming the due fulfilment

and/or valid waiver, as the case may be, of the Closing Condition and all Closing Events.

10.Seller's Guarantees

10.1.Seller hereby guarantees, subject to any limitations contained in this Agreement, in particular the remedies set forth in Section 12 below, the Time Limitations (as defined in Section 16.1 below), the exclusion of De Minimis Claims (as defined in Section 16.3 below), the Deductible (as defined in Section 16.3 below), the W&I Liability Cap (as defined in Section 16.4 below) and the General Liability Cap (as defined in Section 16.5 below), by way of an independent guarantee pursuant to Section 311 (1) German Civil Code (*BGB*) that the statements set forth in Sections 10.1.1 through 10.1.19 below are true and correct on the Signing Date or as at any other date explicitly referred to below (herein collectively " **Seller's Guarantees** " and each a " **Seller's Guarantee** "):

10.1.1. **Enforceability and Capacity** . On the Signing Date and on the Closing Date, this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable under applicable laws against Seller in accordance with its terms, except to the extent that the enforceability thereof may be limited by bankruptcy or insolvency laws. Seller has the absolute and unrestricted right, power, authority and capacity to execute and perform this Agreement. Except for the Antitrust Clearances and any notices required under the External Debt Financing Agreements, Seller is not required to give any notice to any person or obtain any consent or governmental authorization or approval in connection with the execution and performance of this Agreement by Seller.

10.1.2. **Existence of the Target Company and Ownership of the Target Shares** . On the Signing Date and on the Closing Date, the Target Company is duly incorporated and validly existing under the laws of

Germany, and Seller is the sole owner of the Target Shares. On the Signing Date and the Closing Date, the Target Shares have been duly authorized and validly issued, fully paid in and, except for the Financing Securities, have not been pledged, assigned, charged or used as a security to or by a third party and are, except for the Financing Securities, free and clear of any pending transfer or other third party rights.

10.1.3. **Existence and Ownership of the Downstream Loans Claims.** On the Closing Date, each of the Downstream Loans Claims, if any, validly exists and Seller is the owner of the Downstream Loans Claims, if any, and, except for the Financing Securities, the Downstream Loans Claims, if any, are free and clear of any pending transfer or third party rights.

10.1.4. **Existence and Ownership of Stahlgruber Subsidiaries** . Except as disclosed in **Schedule 10.1.4,** each of the Stahlgruber Subsidiaries is duly incorporated and validly existing under the laws of its jurisdiction and the shares held indirectly by Seller in the Stahlgruber Subsidiaries and in Auto Teile Ring GmbH and ATR International AG (i) are owned by the Companies as set forth in Exhibit (A), and (ii), except for the Financing Securities, have not been pledged, assigned, charged or used

as a security to or by a third party and, except for the Financing Securities, are free and clear of any pending transfer or other third party rights, it being understood that with respect to any Subsidiaries of Optimal AG & Co. KG the foregoing statements of Seller are made to the Knowledge of Seller only. To the Knowledge of Seller, the shares held indirectly by Seller in the Stahlgruber Subsidiaries have been duly authorized, validly issued and fully paid in.

10.1.5. **Bankruptcy or Judicial Composition Proceedings** . No bankruptcy or judicial composition proceedings concerning Seller or, to the Knowledge of Seller and except as disclosed in **Schedule 10.1.5** , a Company have been applied for (i) by the management of Seller or any Company, or (ii), to the Knowledge of Seller, any third party, and, to the Knowledge of Seller, no circumstances exist which would require the application for any bankruptcy or judicial composition proceedings concerning Seller or any Company or justify any action of voidance of this Agreement.

10.1.6. **Enterprise Agreements and Joint Shareholdings Documentation** . To the Knowledge of Seller and except as disclosed in **Schedule 10.1.6-1** , the Companies are not party to any enterprise agreements within the

meaning of Sections 291 and 292 German Stock Corporation Act (*AktG*) or comparable profit sharing or pooling agreements or arrangements

under the laws of any other jurisdiction. To the Knowledge of Seller, **Schedule 10.1.6-2** contains a complete list of the currently applicable version of the articles of association, by-laws, charters or equivalent corporate documents, partnership agreements and shareholders agreements, including all amendments, supplements or other ancillary stipulations thereto, relating to (i) Optimal AG & Co. KG, (ii) PV Automotive GmbH, (iii) Neimcke GmbH & Co. KG or (iv) CZ Aftermarket Holding GmbH (herein " **Material JV Companies** ") (herein collectively " **Joint Shareholdings Documentation** ") and there are no pending filings to any company register or authority, shareholders resolutions or partners resolutions or other binding commitments of any Material JV Company regarding an amendment, supplement to or termination of any Joint Shareholdings Documentation. To the Knowledge of Seller, the Material Companies and the relevant counterparties are in a status of due fulfilment of the Joint Shareholdings Documentation and neither the Material JV Companies nor a counterparty has asserted in writing to the relevant other party a breach of any Joint Shareholdings Documentation, in each case except for instances which do not have a Material Adverse Effect (as defined in Section 10.5 below).

10.1.7. **Conduct of Business** . To the Knowledge of Seller and except for the transactions described in or contemplated under this Agreement and/or disclosed in **Schedule 10.1.7** , or as required by law, in the period from the Effective Date until the Signing Date, (i) the Material Companies have conducted their respective business operations, in all material respects, consistent with past practice, except where the failure to do so would not result in a Material Adverse Effect, and (ii) with respect to the Material Companies none of the following has occurred:

10.1.7.1.the extension of any guarantees, suretyships, letters of comfort

or similar instruments securing any obligations of any third party (excluding any Company), in each case with an amount of at least EUR 1,000,000 (in words: Euro one million);

10.1.7.2.incurrence of any material indebtedness or other material financial liabilities of any nature, in each case of at least

EUR 1,000,000 (in words: Euro one million), except in the ordinary course of business;

10.1.7.3.any sale, transfer, creation of encumbrances or other disposition of any material fixed assets, in each case with a value of at least EUR 1,000,000 (in words: Euro one million), except in the ordinary course of business;

10.1.7.4.any express waiver or other abolishment of any material rights, in each case with a value of at least EUR 1,000,000 (in words: Euro one million), except if being made as part of the settlement of a commercial dispute which has arisen and has been settled in the ordinary course of business in good faith;

10.1.7.5.any increase of remuneration, including the granting of new material employee benefits, to any of its managing directors (*Geschäftsführer*) or employees, resulting in an increase of the

overall personnel costs of (i) the Target Company, (ii) PV Automotive GmbH, (iii) Neimcke GmbH & Co. KG, (iv) Stahlgruber Ges.m.b.H. (Austria), (v) APM Automotive s.r.o., (vi) Stahlgruber CZ S.R.O. or (vii) the Material Companies as a whole, in each case of (i) through (vii) by more than ten percent (10%), except (A) in the ordinary course of business, (B) as required by law or (C) as required by collective bargaining agreement or reference to any such collective bargaining agreement in any individual employment agreement, except for collective bargaining agreements which have been entered into specifically for the relevant Companies (*Haustarifverträge*) after the Effective Date; or

10.1.7.6.any theft, damage, destruction or casualty loss of assets, in each case, if and to the extent not covered by any insurance and in each case with a value of at least EUR 1,000,000 (in words: Euro one million).

10.1.8. **Effective Date Accounts** . The consolidated financial statements of the Target Company (*Teilkonzernabschluss*) for the twelve (12) months' period commencing on 1 January 2016 and ending on the Effective Date, comprising a consolidated management report (*Teilkonzernlagebericht*), a consolidated balance sheet (*Teilkonzernbilanz*), a consolidated profit

and loss statement (*Teilkonzern-Gewinn- und Verlustrechnung*), consolidated notes (*Teilkonzernanhang*), a consolidated statement of cash flow (*Teilkonzern-Kapitalflussrechnung*) and a consolidated statement of changes in equity (*Teilkonzern-Eigenkapitalspiegel*), a copy of which is attached hereto as **Exhibit 10.1.8** (herein " **Effective Date Accounts** ") have been prepared by the management of the Target Company and have been audited (*geprüft*) by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. Based on the facts and circumstances actually known (*positive Kenntnis*) by the management of the Target Company at the time of the preparation (*Aufstellung*) of the Effective Date Accounts to the Knowledge of Seller the Effective Date Accounts, except for the consolidated management report (*Teilkonzernlagebericht*), give a true and fair view of the consolidated assets (*Vermögenslage*), financial position (*Finanzlage*) and earnings (*Ertragslage*) of the consolidated group described in the Effective Date Accounts as at the Effective Date or for the year then ended, respectively, in each case in accordance with the requirements under German GAAP, it being understood that nothing in this Seller's Guarantee shall be construed or interpreted as an objective balance sheet guarantee (*objektive Bilanzgarantie*).

10.1.9. **Material Assets** . To the Knowledge of Seller, the fixed assets (*Anlagevermögen*) of the Material Companies, other than real property and buildings, which are necessary and required for carrying out the Business in substantially the same manner as on the Signing Date (herein collectively " **Material Assets** ") are owned or held in lawful possession by the Material Companies, except where the failure to do so would not result in a Material Adverse Effect. To the Knowledge of Seller, the Material Assets are not charged with any rights of third parties including

the transfer for security purposes (*Sicherungsübereignungen*), except for (i) the Financing Securities, (ii) customary rights of retention of title (*handelsüblicheEigentumsvorbehalte*), liens, pledges or other security rights in favour of suppliers, mechanics, workers, landlords, carriers and the like, (iii) statutory security rights in favour of Tax Authorities or other governmental authorities, and (iv) other encumbrances (*Belastungen*) that would not result in a Material Adverse Effect. To the Knowledge of Seller and except as disclosed in **Schedule 10.1.9** , (y) each Material Company either owns or lawfully uses on the basis of valid leasing and licensing agreements (entered into by any Company) all computer hardware, software, networks and other information

technology (herein collectively " **Information Technology** ") which it uses in its business on the Signing Date, except where the failure to do so would not result in a Material Adverse Effect, and (z) with respect to the Information Technology there have not been in the twelve (12) months' period prior to the Signing Date any major interruptions, major data losses or major similar incidents relating to the Information Technology, except in each case for any which did not have a Material Adverse Effect.

10.1.10. **Real Estate** .

10.1.10.1.To the Knowledge of Seller, **Schedule 10.1.10.1** contains a

complete list of (i) all real property (*Grundstücke*) owned by the Material Companies (includingjoint ownership (*Miteigentum*)) and (ii) all hereditary building rights (*Erbbaurechte*) owned by the Material Companies.

10.1.10.2.To the extent the Material Companies have within the sixty (60) months' period prior to the Signing Date acquired real estate for a purchase price of at least EUR 1,000,000 (in words: Euro one million) from municipalities or other entities of the public administration, the acquisitions did not constitute, to the Knowledge of Seller, in whole or in part, public subsidies (*öffentliche Beihilfen*) and, to the Knowledge of Seller, such acquisitions are not therefore rendered void or trigger a liability of the relevant Material Company in excess of EUR 1,000,000 (in words: Euro one million).

10.1.10.3.To the Knowledge of Seller and except as disclosed in **Schedule 10.1.10.3** , (a) no Material Company is (i) under applicable Law currently obligated to remediate any contamination of the soil, leachate, soil-vapor, groundwater, surface water or building on any real estate owned or used by it as of the Signing Date, (ii) under any order of any public authority obligated to monitor, investigate, contain or remedy any contamination on any such real estate, or (iii) in receipt of any current written notice by any public authority or current claim by a third party alleging in writing about any such contamination, in each case except for any instances which do

not have a Material Adverse Effect, and (b) Seller has

disclosed to Purchaser in the documents and/or by the means

referred to in Section 12.3.5 all written environmental audit or other environmental review reports (x) prepared by external advisors on behalf of Seller, the Target Company or Stahlgruber Immobilien GmbH & Co. KG, a limited partnership (*Kommanditgesellschaft*) under the laws of Germany, having its registered office at Gruber Str. 65, 85586 Poing, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under number HRA 104141 (herein " **Stahlgruber Immobilien GmbH & Co. KG** "), or (y) received by Seller, the Target Company or Stahlgruber Immobilien GmbH & Co. KG in writing, in each case of (x) and (y) within the three (3) years' period preceding the Signing Date with respect to any real estate currently owned by Stahlgruber Immobilien GmbH & Co. KG as of the Signing Date and indicating a contamination within the meaning of item (a)(i) above the remediation of which is likely to trigger costs for remediation measures of Stahlgruber Immobilien GmbH & Co. KG in excess of EUR 1,000,000 (in words: Euro one million).

10.1.11. **Intellectual Property Rights** . To the Knowledge of Seller,

10.1.11.1. the Material Companies hold title in, or have a right to use

(including under any rights of any other Company), all patents, trademarks, internet domains and other registered intellectual property rights that are necessary to operate the Business in substantially the same manner as conducted on the Signing Date, and the lack of which would result in a Material Adverse Effect (herein " **Material IP Rights** ");

10.1.11.2.all registration and maintenance fees have been paid to validly maintain the Material IP Rights with the competent authorities;

10.1.11.3. the Material IP Rights are valid and no rights forming part of such Material IP Rights have been abandoned, have lapsed or have been otherwise lost through the action or failure to act by Seller or any Material Company, it being understood that such action or failure shall not include (i) any abandonments, lapses or other losses incurred in the regular course of prosecution of the Material IP Rights or (ii), with respect to

the trademarks forming part of the Material IP Rights, any susceptibility to cancellation for non-use;

10.1.11.4. except as disclosed in **Schedule 10.1.11.4** , within the twelve (12) months' period prior to the Signing Date, there were no

written third party challenges regarding the validity of any of the Material IP Rights directed to a governmental authority or court, except for official communications from trademark offices as part of normal prosecution; and

10.1.11.5. except as disclosed in **Schedule 10.1.11.5** , (i) within the twelve (12) months' period prior to the Signing Date, no third party has notified Seller or any of the Material Companies in writing of any alleged material infringement of such third party's registered intellectual property rights by the conduct of any Material Company's business and (ii) there exist no such infringements, except for infringements which do not have a Material Adverse Effect.

10.1.12. **Employees** .

10.1.12.1.To the Knowledge of Seller, **Schedule 10.1.12.1** sets forth a list of (i) all collective bargaining agreements (*Tarifverträge*) or comparable agreements in foreign jurisdictions applicable to the Material Companies and (ii) all agreements entered into within the three (3) years' period prior to the Signing Date between any of the Material Companies and a workers' council (*Betriebsrat*) or a comparable council in a foreign jurisdiction of a Material Company which, in each case of (i) and (ii), contain (x) material limitations to terminate employment agreements, including severance payments, (y) obligations of a Material Company to maintain establishments at certain sites, or (z) guarantees to maintain a

certain number of employees.

10.1.12.2.To the Knowledge of Seller, **Schedule 10.1.12.2** contains a complete and correct list as at the Signing Date of the service or employment contracts, as the case may be, with employees and managing directors (*Geschäftsführer*) of the Material Companies with an annual target salary (including base salary

and target bonus) in excess of EUR 120,000 (in words: Euro one hundred twenty thousand) in the individual case (herein " **Key Employees** "). To the Knowledge of Seller, none of the Key Employees has given written notice of termination of his or her service or employment.

10.1.12.3.To the Knowledge of Seller, **Schedule 10.1.12.3-1** contains a complete and correct list of all plans, regulations, schemes, agreements and other arrangements under which the Material Companies are obliged to provide to any current or former directors or employees any pensions or other post-employment benefits,including old-age part-time (*Altersteilzeit*) arrangements, in each case if the sum of the current or future annual or one-time lump-sum payment obligations to all recipients thereunder amounts to at least

EUR 1,000,000 (in words: Euro one million). To the Knowledge of Seller and except as disclosed in **Schedule 10.1.12.3-2** , the obligations under Section 16 of the German Pensions Act (*BetrAVG*) have been complied with.

10.1.13. **Material Agreements** . To the Knowledge of Seller and except as disclosed in **Schedule 10.1.13** , the Material Companies are not a party to any of the following agreements or commitments relating to the Business which are not otherwise referred to in this Agreement and which have not yet been completely fulfilled (*nicht vollständig erfüllte Verträge*), excluding any agreements which are concluded exclusively between Companies:

10.1.13.1.agreements relating to the acquisition or disposal (whether by share or asset deal) of any business or any shares or interests in any corporations or partnerships or any real property;

10.1.13.2.joint venture, shareholders or consortium agreements;

10.1.13.3. loan and credit agreements, or other agreements or instruments evidencing financial indebtedness of any of the Material Companies, including financial leases, factoring agreements, asset-backed security transactions or agreements relating to swaps, futures, options or other financial derivatives, in each case involving outstanding liabilities,

individually, in excess of EUR 500,000 (in words: Euro five hundred thousand), but excluding the External Debt Financing Agreements;

10.1.13.4. agreements securing, individually, financial indebtedness of third parties (other than any other Company) in excess of EUR 500,000 (in words: Euro five hundred thousand), such as pledges, guarantees (*Garantien oder Bürgschaften*) or letters of comfort (*Patronatserklärungen*) extended by any of the Material Companies to any third party (other than any other Company), but excluding the Financing Securities and any obligations under the External Debt Financing Agreements;

10.1.13.5.framework agreements, agreements covering multiple supplies over a certain period and other long-term purchasing agreements entered into between suppliers of the Business and any of the Material Companies (excluding agreements which are essentially limited to setting on an annual basis prices, discounts, boni, delivery, warranty or related terms (*Jahres-Konditionenvereinbarungen*), such agreements within Stahlgruber Group *inter alia* referred to as *Stahlgruber Konzernrahmenvereinbarung (Jahr),* and any individual orders under framework agreements) with a prospective aggregate order volume for the financial year 2017 exceeding EUR 2,000,000 (in words: Euro two million) in the individual

case;

10.1.13.6.framework agreements, agreements covering multiple deliveries over a certain period and other long-term customer agreements entered into between customers of the Business and any of the Material Companies (excluding agreements which are essentially limited to setting on an annual basis prices, discounts, boni, delivery, warranty or related terms (*Jahres-Konditionenvereinbarungen*), such agreements within Stahlgruber Group*inter alia* referred to as *Rahmenvereinbarung (Jahr) or Jahreszielvereinbarung (Jahr),* and any individual orders under framework agreements) with a prospective aggregate order volume for the financial year 2017 exceeding EUR 5,000,000 (in words: Euro five million) in the individual case; and

10.1.13.7.lease agreements (*Mietverträge und Pachtverträge*) regarding real property or premises to which a Material Company is a party as tenant (*Mieter oder Pächter*) and which provide for (i) a fixed term of at least one (1) year after the Signing Date and (ii) an annual net rent (excluding ancillary costs (*Nebenkosten*)) (*jährliche Netto-Kaltmiete/-Pacht*) in excess of EUR 500,000 (in words: Euro five hundred thousand) in the individual case.

The agreements disclosed in **Schedule 10.1.13** are herein collectively

referred to as " **Material Agreements** ".

10.1.14. **Status of Material Agreements** . To the Knowledge of Seller and except as disclosed in **Schedule 10.1.14** , the validity of any of the Material Agreements has not been challenged by any party to any such Material Agreement, none of the Material Agreements has been terminated by any party for cause (*aus wichtigem Grund*) nor has any party to such Material Agreement given written notice about its intention to terminate the relevant Material Agreement for cause (*aus wichtigem Grund*), except where such termination would not result in a Material Adverse Effect. To the Knowledge of Seller, no party to a Material Agreement is in breach of its obligations under the relevant Material Agreement which could result in a Material Adverse Effect.

10.1.15. **Insurance** . To the Knowledge of Seller, (i) **Schedule 10.1.15-1** contains a list of all material insurance policies providing for annual premium payments exceeding EUR 50,000 (in words: Euro fifty thousand) in the individual case which are maintained by or for the benefit of a Material Company and required for carrying out the Business in substantially the same manner as on the Signing Date (herein " **Insurance Policies** "), (ii) all premiums under the Insurance Policies due and payable until the Signing Date have been paid, and (iii) none of the Insurance Policies has been cancelled or terminated by any Material Company and none of the Material Companies has received any written notice of termination, except, in each case, where the non-compliance with (i) through (iii) would not result in a Material Adverse Effect. To the Knowledge of

Seller, except as disclosed in **Schedule 10.1.15-2** , there exist no claims under the Insurance Policies in an amount in excess of EUR 250,000 (in words: Euro two hundred fifty thousand) in the individual case which have been notified, but not yet settled.

10.1.16. **Compliance with Laws.**

10.1.16.1.To the Knowledge of Seller and except as disclosed in **Schedule 10.1.16.1** , the Material Companies (i) validly hold all permits by any public authorities necessary for their business, except for those the absence of which would not result in a Material Adverse Effect and (ii) have conducted the Business in the twelve (12) months' period preceding the Signing Date in compliance with all applicable laws and regulations and orders of competent public authorities, including anti-bribery and anti-money-laundering laws and, with respect to horizontal relationships, all antitrust and competition laws, in each case except where the failure to do so would not result in a Material Adverse Effect.

10.1.16.2.In the five (5) years' period prior to the Signing Date, the communications of the Material Companies with their respective wholesale customers (*Großhändler*) complied with applicable law in all material respects.

10.1.16.3.To the Knowledge of Seller and except as disclosed in **Schedule 10.1.16.3** , no Material Company, except for Optimal AG & Co. KG, has in the three (3) years' period prior to the Signing Date made, and Optimal AG & Co. KG and its Subsidiaries as of the Signing Date do not make, any delivery of any product to (i) a delivery address in Iran, Iraq or Syria or (ii) any person with delivery address in Russia which was at the time of the delivery on a then applicable list of restricted parties under embargo or other sanctions provisions imposed by the European Union or the United States, in each case except for deliveries of products in a total value in none of the three (3) years prior to the Signing Date exceeding EUR 500,000 (in words: Euro five hundred thousand). To the Knowledge of Seller,the contemplated exclusive distributorship agreement of Optimal Istanbul Otomotiv Parca Sanayi ve Ticaret A.S. with a third-party distributor for sales in Turkey, Iran, Iraq and Syria has not yet been concluded with binding effect on Optimal Istanbul Otomotiv Parca Sanayi ve Ticaret A.S..

10.1.17. **Litigation.** To the Knowledge of Seller and except as disclosed in

Schedule 10.1.17 , (i) the Material Companies are not involved as claimant or defendant in any pending (*rechtshängig*) court, arbitration or administrative proceedings having a litigation value (*Streitwert*) in excess of EUR 500,000 (in words: Euro five hundred thousand) in the individual case, and (ii) no such proceedings have been threatened by or to the Material Companies in writing.

10.1.18. **Taxes.** To the Knowledge of Seller and except as disclosed in

Schedule 10.1.18 ,

10.1.18.1.all Tax returns required to be filed with any Tax Authority by or on behalf of any Material Company within the three (3) years' period prior to the Signing Date have been prepared diligently and in good faith within the meaning of Section 150 para. 2 German Tax Code (*AO*) (or equivalent provisions under the laws of any other jurisdiction), in all material respects, and have been filed when due;

10.1.18.2.each of the Material Companies has timely paid and/or withheld when due all Taxes shown as payable by it on any Tax assessment issued by any Tax Authority or on any Tax return filed by it with any Tax Authority; and

10.1.18.3. (i) none of the Material Companies is involved in any extraordinary Tax audit or investigation (other than routine Tax audits in the ordinary course of business), (ii) no Tax dispute or other proceeding is pending in respect of any Material Company, and (iii) no Material Company has been notified by any Tax Authority that such authority intends to commence any such proceeding.

10.1.19. **No Leakage** . During the period from (but excluding) the Effective

Date

until the Signing Date, there has been no Leakage (as defined hereinafter). " **Leakage** " shall mean any of the following actions carried out towards or for the benefit of (i) Seller or (ii) a Seller's Affiliate or (iii) a Seller-Related Person:

10.1.19.1.any payment or declaration of any interim or other dividend or similar distribution (whether direct or indirect, in cash or in kind) paid or made by any Company;

10.1.19.2.any return of share capital (whether by reduction of share capital or redemption or purchase of shares, or otherwise) by any Company;

10.1.19.3. any payment of, or assumption by a Company of, or any granting of guarantees or securities by a Company for, any liabilities vis-à-vis third parties owed by, Seller or a Seller's Affiliate or a Seller-Related Person;

10.1.19.4.any other payment or other transfer of value, except for any payments made or effected under any loan or financing agreements other than interest, costs and charges, by a Company, or by a third party on the instruction and for the

account of a Company, to Seller or a Seller's Affiliate or a Seller-Related Person under any contractual arrangement, but (i) only if and to the extent such payment or transfer does not constitute an Ordinary-course Intragroup-Transaction (as defined in Section 10.2 below) within the meaning of Section 10.2.1.1 below and (ii) not if such payment or transfer does constitute an Ordinary-course Intragroup-Transaction within the meaning of Section 10.2.1.2 through Section 10.2.1.4 below, it being agreed that any payment or transfer of value shall be deemed to constitute an Ordinary-course Intragroup Transaction within the meaning of Section 10.2.1.2 through Section 10.2.1.4 below which (i) if made in the calendar year 2016 or in the calendar year 2017 until and including 30 November 2017 is reflected in any of the balances ofintragroup payments set out in

Exhibit 10.1.19.4 (herein " **Intragroup Payments Summary** ") or (ii) if made after 30 November 2017 (A) falls within the categories of payments set out in the Intragroup Payments Summary and (B) its amount is materially consistent with the pricing level of equivalent or similar payments reflected in the Intragroup Payments Summary;

10.1.19.5. any waiver by a Company of a claim against Seller or a Seller's Affiliate or a Seller-Related Person, except that this was made as part of a settlement of a commercial dispute of the relevant Company under a commercial agreement between the Seller, a Seller's Affiliate or a Seller-Related Person on the one side and the relevant Company on the other side which has arisen and has been settled in the ordinary course of business in good faith;

10.1.19.6. any payment by a Company of any bonus, extra compensation, fees or commissions to any of its managing directors, similar executives, members of a corporate body, employees, brokers, finders, agents or advisers, in each case (i) to the extent granted or made with respect to the preparation, negotiation and/or conclusion of this Agreement and/or the consummation of the transactions contemplated under this Agreement and (ii) in case of payments to employees including the related wage tax and social security contribution paid by the relevant Company;

10.1.19.7.any payment of external advisory, management, transaction or other professional services charges or fees by any Company renderedin connection with the preparation, negotiation and/or conclusion of this Agreement and/or the consummation of the transactions contemplated under this Agreement;

10.1.19.8. any payment of Taxes on any of the items set forth above; and

10.1.19.9. any agreement, shareholder resolution or other creation of an obligation to do any of the foregoing, regardless whether the

relevant outflow of funds or other value from the Companies

has taken place prior to or will take place after the Signing

Date, including, where applicable, the related wage tax and

social security contribution paid by the relevant Company;

in each case other than to the extent fully compensated by or on behalf of Seller or a Seller's Affiliate or a Seller-Related Person prior to the Closing Date and in each case except for any Leakage to the extent

(i) specifically contained in the Equity Value Bridge or in the Effective Date Accounts, or

(ii) disclosed in **Schedule 10.1.19** , or

(iii) required by the terms of this Agreement, or

(iv) made with the prior written approval of Purchaser, or

(v) made in fulfilment of management service agreements with

managing directors or board members of any Companies or

employment agreements with any employees of any Companies,

other than payments within the meaning of Section 10.1.19.6 above,

it being agreed that the discretionary bonuses of any employees of

any Company as well as of any managing directors of any

Company other than the Target Company in each case for the years

2016 and 2017, if and to the extent not exceeding the bonuses for

the previous years by more than six and five tenths percent (6.5%)

in the aggregate, shall be deemed not to be payments within the meaning of Section 10.1.19.6 above, it being agreed that "discretionary bonuses" do not include any bonuses which according to the contractual provisions are based on revenue or similar formulaic key performance indicators which shall in any event be deemed not to be payments within the meaning of Section 10.1.19.6 above;

((i) through (v) collectively " **Permitted Leakage** ").

The term "payment" within the meaning of the definition of Leakage includes payments other than in cash or credits to bank accounts, in particular by debit to any settlement or similar account (*Verrechnungskonto*) of the respective Company and credit to any settlement or similar account (*Verrechnungskonto*) of Seller or Seller's Affiliate. The Seller's Guarantee contained in this Section 10.1.19 is herein referred to as " **Seller's No Leakage Guarantee** ".

10.2." **Ordinary-course Intragroup Transaction** " shall mean any payment or other transfer of value between the Seller or any of Seller's Affiliates or any Seller-Related Person on the one side and any Company on the other side to the extent that

10.2.1. it constitutes

10.2.1.1.(i) remuneration by a Company for the delivery of goods or any other performance (*Leistung*), excluding services, or (ii)

the delivery of goods or any other performance (*Leistung*),

excluding services, by a Company, in each case in the

ordinary course of business and for arm's length consideration;

or

10.2.1.2.(i) remuneration by a Company for the provision of services

in the ordinary course of business to the extent that the

services do not constitute management, consulting, advisory,

supervision, business facilitation, arrangement of financing or

similar services other than management, consulting, advisory,

supervision, business facilitation, arrangement of financing or

similar services not exceeding a volume of EUR 1,500,000 (in

words: Euro one million five hundred thousand) per annum or

(ii) provision of services by a Company, in each case in the

ordinary course of business and for arm's length consideration,

it being agreed that the above figure of EUR 1,500,000 (in
words: Euro one million five hundred thousand) includes, and
is not in addition to, any remuneration reflected for such
services in the Intragroup Payments Summary; or

10.2.1.3.payment or receipt of interest, costs or charges (costs and

charges only to the extent they constitute arm's length

consideration) by a Company under intra-group short-term or

long-term financing agreements; or

10.2.1.4.(i) remuneration by a Company for the leasing of premises or

(ii) provision of premises under lease agreements by a

Company; and

10.2.2. it reflects prices, rates, interest or rent which (i) do not materially deviate to the detriment of the Companies from the prices, rates, interest or rent charged to or by the Companies for the same or equivalent or comparable deliveries, services, financing or leasing, if any, in the fiscal year ending on the Effective Date, except for price, rate, interest or rent increases made in the ordinary course of business which Seller or Seller's Affiliates or the Companies have applied to their customers, suppliers, debtors or

tenants generally or which otherwise reflect increased overall prices, rates, interest or rent in the relevant industry or market or the relevant supplies or raw materials; and

10.2.3. in case of payments, it constitutes consideration for any performance (*Leistung*) provided by the respective counterparty in, or otherwise relates to, any period (i) following the Effective Date or (ii) prior to the Effective Date to the extent the respective payment is not overdue by more than ninety (90) days following the contractual due date.

10.3.All Schedules referred to in Section 10.1 above are herein collectively referred to as the " **Disclosure Schedules** ". The Parties agree that if any disclosure of events or documents made in the Disclosure Schedules is below any materiality threshold provided for such disclosure requirement or contains additional information, such disclosure shall not be used to construe or expand the scope of the required

disclosure (including any standard of materiality) of such Seller's Guarantee.

10.4.For the purpose of this Agreement, " **Knowledge of Seller** " means the actual knowledge (*positive Kenntnis*) of Mr. Heinz Reiner Reiff, Mr. Werner Maier, Mr. Andrej Jerman and Mr. Heinz Rieker as at the date which is two (2) Business Days prior to the Signing Date in relation to the Seller's Guarantees, excluding any facts or circumstances which are deemed to be known by Seller as a result of any actual or deemed knowledge of any other person or party being imputed (*zugerechnet*), whether by operation of law or otherwise.

10.5.For the purpose of this Agreement, " **Material Adverse Effect** " means any change or effect that is, and could reasonably be expected to be, in the individual case, materially adverse to the assets, financial condition and/or results of operations (*Vermögens-, Finanz- und/oder Ertragslage*) of the Companies taken as a whole, and results, and could reasonably be expected to result, in Relevant Losses (as defined in Section 12.1 below) of the Companies in excess of EUR 2,500,000 (in words: Euro two million five hundred thousand).

10.6.Seller does not give or assume any guarantees other than those set forth in Section 10.1 above and none of the Seller's Guarantees shall be construed as a guarantee or representation with respect to the quality of the purchase object (*Kaufgegenstand*)within the meaning of Sections 276 (1), 443 German Civil Code (*BGB*) (*Garantie für die Beschaffenheit der Sache*).

11.Purchaser's and Guarantor's Guarantees

11.1.Purchaser and Guarantor hereby guarantee as joint and several debtors

(*Gesamtschuldner*) by way of an independent guarantee pursuant to Section 311 (1) German Civil Code (*BGB*) that the statements set forth in Sections 11.1.1 through 11.1.7 below (herein collectively " **Purchaser's Guarantees** " and each a " **Purchaser's Guarantee** ") are true and correct on the Signing Date and on the Closing Date:

11.1.1. **Enforceability, Capacity** . Purchaser is a limited liability company

(*Gesellschaft mit beschränkter Haftung, GmbH*) duly organized and

validly existing under the laws of Germany and registered with the

commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of

Munich under number HRB 236066. Guarantor is a stock corporation

duly organized and validly existing under the laws of Delaware, United

States and registered with the U.S. Securities and Exchange Commission

under the central index key (CIK) 0001065696. This Agreement

constitutes the legal, valid and binding obligation of Purchaser and

Guarantor, enforceable against Purchaser and Guarantor in accordance

with its terms, except as the enforceability thereof may be limited by

bankruptcy, insolvency, reorganization, moratorium or other similar laws

relating to or affecting the rights of creditors generally. Purchaser and

Guarantor have the absolute and unrestricted right, power, authority and

capacity to execute this Agreement and to perform their obligations

under this Agreement, which actions have been duly authorized and

approved by all necessary corporate actions of Purchaser and Guarantor.

Except for the Antitrust Clearances, Purchaser and Guarantor are not

required to give any notice to any person other than under any mandatory disclosure obligations of the Guarantor as publicly listed company or to obtain any consent or governmental authorisation or approval in connection with the execution and performance of this Agreement. Neither the execution of this Agreement nor the consummation of any of the transactions contemplated under this Agreement will directly or indirectly violate the certificate of incorporation, articles of association or by-laws of Purchaser or Guarantor.

11.1.2. **Bankruptcy or Judicial Composition Proceedings** . No bankruptcy or judicial composition proceedings concerning Purchaser or Guarantor have been applied for (i) by the management of Purchaser or Guarantor, or (ii), to the knowledge of Purchaser and Guarantor, any third party, and,

to the knowledge of Purchaser and Guarantor, no circumstances exist which would require the application for any bankruptcy or judicial composition proceedings concerning Purchaser or Guarantor or justify any action of voidance of this Agreement.

11.1.3. **Acquisition for Own Account** . Purchaser is acquiring Stahlgruber Group as an investment for its own account. Purchaser and its Affiliates have no intention of selling, granting any participation in, or otherwise distributing the Business, and Purchaser has not entered into any contract, undertaking, agreement or arrangement with any person to sell, transfer,

or grant participations to such person or to any third person, with respect to the Business or any part thereof, except in each case for any transfer or distribution to any Affiliates of Purchaser.

11.1.4. **Financial Capability** . Purchaser has sufficient immediately available funds to pay the Total Purchase Price, as well as any fees, costs and expenses incurred or to be made in connection with the transactions contemplated under this Agreement.

11.1.5. **No Violation of Laws** . Subject to the occurrence or the due waiver of the Antitrust Clearances, the execution and performance by Purchaser and Guarantor of their obligations under this Agreement as well as all other agreements, instruments and documents to be executed or delivered under or in connection with this Agreement, do not and will not violate, conflict or result in any contravention of any applicable law or any regulation or judgment of any governmental authority applicable to Purchaser or Guarantor from time to time.

11.1.6. **Finders' Fees** . Purchaser and Guarantor do not have any obligation or liability to pay any fees or commissions to any broker, finder, agent (*Erfüllungsgehilfe*) or other third party with respect to the transactions contemplated under this Agreement for which Seller could become wholly or partly liable.

11.1.7. **W&I Insurance** . Any W&I Insurance (as defined in Section 16.4 below) taken out prior to the Closing Date provides for the benefit of Seller that any claims against Seller shall only be subrogated (by operation of law or contractually) in case of wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*) by Seller or Seller's Deal Team (as

defined in Section 12.1 below).

11.1.8. **LKQ Shares** . The LKQ Shares will be issued pursuant to the Registration Statement which will remain effective as of the Closing Date and the LKQ Shares will be freely transferrable by Seller immediately following the Closing under Section 4(a)(1) of the Securities Act and will not be "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

11.1.9. **Possibility of Integration** . There is a possibility that the LKQ Shares, were such shares not to be issued pursuant to the Registration Statement, would be integrated with other past or future offerings of shares of common stock of Guarantor.

11.2.In case of any breach or non-fulfilment by Purchaser of any of the Purchaser's Guarantees, Purchaser shall be liable for putting Seller into the same position that it would have been in if the respective Purchaser's Guarantee had been correct (*Naturalrestitution*) or, at the election of Seller, for paying damages for non-performance (*kleiner Schadenersatz*) to Seller.

12.Remedies

12.1.In the event of any breach or non-fulfilment of any of the Seller's Guarantees or any of the Seller's Covenants (as defined in Section 13.4 below) or any other claim of Purchaser for breach (*Pflichtverletzung*) under or in connection with this Agreement (herein " **Purchaser Claim** "), Seller shall be liable for putting Purchaser or, at Purchaser's election, the affected Companies (including, for the

avoidance of doubt, with respect to a breach of the Seller's Guarantee in Section 10.1.8), into the same position that it would have been in if the respective Seller's Guarantee had been correct or the respective Seller's Covenant or other obligation of Seller had not been breached (*Naturalrestitution*) or, at Seller's election, for paying damages for non-performance (*kleiner Schadenersatz*) to Purchaser. For purposes of determining Seller's liability, only the Relevant Losses (as defined below) incurred by the respective Company or, in case of a breach of any of the Fundamental Guarantees (as defined in Section 16.1.1 below) incurred by Purchaser, shall be taken into account. " **Relevant Losses** " shall mean actual losses calculated on a Euro-for-Euro basis and, in particular, without taking into account any multipliers or ratios, and (i) shall exclude any potential or actual reduction in value (*Minderung*) of the Companies beyond the actual damage incurred, (ii) shall include any consequential damages (*Folgeschäden*) only to the extent reasonably foreseeable and any lost profits (*entgangener Gewinn*) only to

the extent reasonably foreseeable, (iii) shall exclude any frustrated expenses (*frustrierte Aufwendungen*), and (iv) shall further exclude any internal costs incurred by the Companies or by Purchaser. The limitations under this Section 12.1 regarding the determination of Seller's liability shall not apply in case of a Purchaser Claim arising out of wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*) by Seller, provided, however, that Seller's liability for wilful deceit or intentional behaviour of any of its vicarious agents (*Erfüllungsgehilfen*), except for the individuals listed in **Exhibit 12.1** (herein " **Seller's Deal Team** "), shall remain excluded. In case a breach by Seller of the

Seller's Guarantee in Section 10.1.16.2 above is the primary cause of the Closing being delayed beyond the 151 st day after the Signing Date, the Relevant Losses of Purchaser from such breach shall include an amount of EUR 50,000 (in words: Euro fifty thousand) for each day Purchaser pays the Increased Daily Cash Amount II under Section 7.1.4 above as the result of such delay and Purchaser shall be entitled to set off (*aufrechnen*) its claim for recovery of such Relevant Losses under this Section 12.1 against its obligation under Section 7.1.4 above to pay the Increased Daily Cash Amount II.

12.2.In the event of any alleged Purchaser Claim for which Seller may have any liability to Purchaser under this Agreement Purchaser shall give Seller written notice of the alleged breach or non-fulfilment within ten (10) Business Days after discovery by Purchaser or any of the Companies of such breach or non-fulfilment, with such notice stating the nature thereof and the amount involved (to the extent that such amount has been determined at the time when such notice is given). Without prejudice to the validity of the (alleged) Purchaser Claim in question, Purchaser shall allow, and shall cause the Companies to allow, Seller and its accountants and professional advisors to investigate the matter or circumstances alleged to give rise to such Purchaser Claim and whether and to what extent any amount is payable in respect of such (alleged) Purchaser Claim. For such purpose, Purchaser shall, and shall cause the Companies to, provide information and assistance as Seller or its accountants or professional advisors may reasonably request, including (i) access to Purchaser's and the Companies' premises and personnel, and (ii) the right to examine and copy or photograph any assets, accounts, documents and records, each during normal business hours. Seller agrees that all information obtained under this Section 12.2 shall be treated as Confidential Information (as defined in Section 21.2 below). This Section 12.2

shall also apply in case of court or arbitration proceedings pending between the Parties in connection with the transactions contemplated under this Agreement.

12.3.Seller shall not be liable for, and Purchaser shall not be entitled to bring, any Purchaser Claim, if and to the extent that:

12.3.1. the matter to which the Purchaser Claim relates has been taken into account (i) in the Effective Date Accounts by way of a specific or compounded provision (*Einzel- oder Pauschalrückstellung*), liability (*Verbindlichkeit*),exceptional depreciation (*außerplanmäßige Abschreibung*) or depreciation to reflect lower market values (*Abschreibung auf den niedrigeren beizulegenden Wert*), in each case reasonably associated with the matter in question, or (ii) in the Equity Value Bridge;

12.3.2. the amount of the Purchaser Claim is or could have been reasonably recovered by Purchaser (it being understood that Purchaser shall not be under any obligation to enforce or assert any claims against any of the Companies' managers or employees or any advisors of the Purchaser or the Companies), any Affiliate of Purchaser or any of the Companies from any third party, in particular under any insurance policy in effect on the Closing Date, excluding any W&I Insurance;

12.3.3. the matter to which the Purchaser Claim relates or the payment or

settlement of any item giving rise to a Purchaser Claim results in any actual cash benefits, advantages or savings, including, without limitation, by refund, set-off or reduction of Taxes and actual cash benefits resulting from the lengthening of any amortization or depreciation periods, higher depreciation allowances, a step-up in the Tax basis of assets or the non-recognition of liabilities or provisions (*Phasenverschiebung*), in each case to the Companies, Purchaser and/or any Affiliate of Purchaser, excluding, however, the Step-up Benefit (as defined in Section 14.2 below); it being understood, however, that if and to the extent any Tax refunds or other Tax benefits which have resulted in a reduction of a Purchaser Claim pursuant to this Section 12.3.3 are subsequently reversed by a final and binding Tax assessment, such Purchaser Claim shall be re-calculated with disregard of such Tax refunds or other Tax benefits and any limitation period which has applied to such Purchaser Claim shall be suspended until expiration of a period of six (6) months following such tax assessment becoming final and binding;

12.3.4.Purchaser, any Affiliate of Purchaser and/or (after the Closing Date) any of the Companies has contributed to (*mitverursacht*) such Purchaser

Claim within the meaning of Section 254 (1) German Civil Code (*BGB*) and/or has failed to comply with its duty to mitigate damages

(*Schadensminderungsobliegenheit*) pursuant to Section 254 (2) German Civil Code (*BGB*);

12.3.5. in the case of a breach of a Seller's Guarantee, except for a breach of Seller's No Leakage Guarantee and Seller's Guaranteein Section 10.1.16.2 above, the matter to which the Purchaser Claim relates was known by Purchaser; Purchaser shall be deemed to have knowledge of all matters disclosed in any of the following:

12.3.5.1.any information disclosed to Purchaser, its representatives and/or professional advisors by or on behalf of Seller in writing or in text form (*Textform*) in connection with the transactions contemplated under this Agreement, including without limitation (i) any presentation materials delivered and information provided to Purchaser, its representatives and/or professional advisors at management presentations, expert meetings and other meetings with Seller and/or representatives of Seller or Stahlgruber Group, (ii) the information package prepared by Stahlgruber Group and Deutsche Bank AG dated July 2017, (iii) the final draft of the financial vendor due diligence report prepared by Deloitte GmbH Wirtschaftsprüfungsgesellschaft dated 15 September 2017, (iv) the legal fact book prepared by Hengeler Mueller Partnerschaft von Rechtsanwälten mbB, Binder Grösswang Rechtsanwälte GmbH and Glatzová & Co., s.r.o. with cut-off date 31 August 2017 and the addendum to such legal fact book prepared by Hengeler Mueller Partnerschaft von

Rechtsanwälten mbB with cut-off date 25 September 2017, (v) the final draft of the tax fact book prepared by Deloitte GmbH Wirtschaftsprüfungsgesellschaft dated 15 September 2017, and (vi) any answers in writing or in text form (*Textform*) given by Seller or its representatives and/or professional advisors in connection with the question and answer process until and including the Signing Date;

12.3.5.2.any information Fairly Disclosed (as defined below) in the documents contained in the virtual data room operated by Intralinks, Inc. and accessible to Purchaser, its representatives

and professional advisors until the Signing Date, an electronic copy of which as per 7 December 2017, 02:32 a.m. CET shall be preserved by the acting notary public for purposes of providing evidence for a period of three (3) years after the Closing Date in accordance with a joint instruction letter substantially in the form as attached hereto as **Exhibit 12.3.5.2** (herein " **Joint Instruction Letter** ");

12.3.5.3.any information Fairly Disclosed (as defined below) in the documents attached to e-mails sent by attorneys of Hengeler Mueller, Partnerschaft von Rechtsanwälten mbBto Purchaser'soutside counsel under florian.kaestle@bakermckenzie.com between 8 December

2017, 02:25 CET and 10 December 2017, 10:55 CET with subject line "Champion - Additional Disclosures" numbers 1 through 8, an electronic copy of which shall be preserved by the acting notary public for purposes of providing evidence for a period of three (3) years after the Closing Date in accordance with the Joint Instruction Letter; or

12.3.5.4.any of the Disclosure Schedules, the Exhibits or elsewhere in this Agreement;

12.3.6. the Purchaser Claim results from, or is increased by, the passing of, or any change in, any law, statute, ordinance, rule, regulation, common law rule or administrative practice of any governmental authority after the Signing Date; or

12.3.7. the Purchaser Claim results from, or is increased as a result of, the procedures set forth in Section 12.2 above or Section 12.4 below not having been observed by Purchaser or, after the Closing Date, the Companies.

" **Fairly Disclosed** " means that the disclosure was made in a manner and in such reasonable detail that the relevant risks could be identified by applying the standard of care of a reasonable business man.

12.4.If (i) an order of any governmental authority is issued, announced to be issued or threatened to be issued against Purchaser or any of the Companies, or (ii) Purchaser or any of the Companies are sued or threatened to be sued by a third

party, including any governmental entity or authority, in each case in a manner which may give rise to a Purchaser Claim (herein " **Third Party Claim** "), Purchaser shall give Seller notice of such Third Party Claim within reasonable time but in any case within ten (10) Business Days after Purchaser or any of the Companies have learned of such Third Party Claim, and the following principles shall apply:

12.4.1.Purchaser shall procure (*steht dafür ein*) that Seller is provided with all materials, information and assistance relevant in relation to the Third Party Claim and is given reasonable opportunity to comment or discuss with Purchaser any measures which Seller proposes to take or to omit in connection with such Third Party Claim. In particular, Seller shall be given an opportunity to comment on, participate in, and review any reports, audits or other measures and shall receive copies of all relevant orders (*Bescheide*) of any governmental authority within reasonable time but in any event at least ten (10) Business Days prior to the expiry of any relevant objection period (*Einspruchs- oder Widerspruchsfrist*).

12.4.2.No admission of liability shall be made by or on behalf of Purchaser or the Companies, and the Third Party Claim shall not be compromised, disposed of or settled, without the prior written consent of Seller, such consent not to be unreasonably delayed or withheld.

12.4.3.Seller shall further be entitled, at its own discretion, to take such action (or cause Purchaser or the Companies to take such action) as Seller deems reasonably necessary to avoid, dispute, deny, defend, appeal, resist, compromise or contest such Third Party Claim (including making

counter-claims or other claims against third parties) in the name and on behalf of Purchaser or the Companies concerned, provided that the Third Party Claim shall not be compromised, disposed or settled without the prior written consent of Purchaser, such consent not to be unreasonably withheld. Purchaser shall give, and procure (*steht dafür ein*) that the Companies give, subject to them being reimbursed all reasonable and evidenced costs and out of pocket expenses, all such information and assistance as described above, including (i) reasonable access to premises and personnel during normal business hours and without causing substantial disruption of the business operations and (ii) the right to examine and copy or photograph any assets, accounts, documents and records for the purpose of avoiding, disputing, denying, defending,

resisting, appealing, compromising or contesting any Third Party Claim or liability as Seller or its professional advisors may reasonably request.

12.4.4.Seller agrees that all information obtained under this Section 12.4 shall be treated as Confidential Information (as defined in Section 21.2 below).

12.4.5.To the extent that Seller is in breach of a Seller's Guarantee or a Seller's Covenant (as defined in Section 13.4 below), all costs and expenses reasonably incurred and evidenced by Purchaser or the Companies in

connection with the defense of an alleged Third Party Claim shall be borne by Seller; if it turns out that Seller was not in breach, any costs and out-of pocket expenses reasonably incurred and evidenced by Seller in connection with such defense shall be borne by Purchaser.

12.5.Any payment made under this Section 12 shall be deemed and treated as an adjustment to the Total Purchase Price. In no event shall Seller owe to Purchaser any gross-up for Taxes falling due in connection with any compensation for Relevant Losses received from Seller.

12.6.If and to the extent a Purchaser Claim relates to Relevant Losses incurred by a Company, the amount of Relevant Losses to be paid by Seller to Purchaser shall be the total amount of Relevant Losses incurred by the respective Company multiplied by Seller's direct or indirect shareholding percentage in the equity of such Company on the Closing Date.

12.7.In case of any non-fulfilment by Purchaser and/or the Companies of any of the obligations set forth in Section 12.2 and Section 12.4 above, Purchaser shall be liable for putting Seller into the same position that it would have been in if the respective obligations had been duly fulfilled (*Naturalrestitution*) or, at the election of Seller, for paying damages for non-performance (*kleiner Schadenersatz*) to Seller.

12.8.If (i) the subject matter of an alleged Purchaser Claim is an Insured Claim, other than an Exempted Claim, for which Purchaser seeks recourse under the W&I Insurance (as defined in Section 16.4 below) and (ii) the obligations of Purchaser under the terms of the W&I Insurance attached as **Exhibit 12.8** conflict with the obligations under Sections 12.2 or 12.4 above such that Purchaser may not reasonably comply with both sets of obligations, Purchaser is to the extent necessary to comply with such obligations under the W&I Insurance released from

the obligations under Sections 12.2 or 12.4 above.

13.Seller's Covenants

13.1.For the period between the Signing Date and the Closing Date, Seller shall procure that the Material Companies continue to operate the Business in a manner substantially consistent with past practice, except, in relation to this Section 13.1, where the individual failure to do so does not result in a Material Adverse Effect.

13.2.For the period between the Signing Date and the Closing Date, Seller shall ensure that the Companies shall not, except (i) as disclosed in **Exhibit 13.2** or specifically referred to in this Agreement, (ii) as required by law, or (iii) with the prior consent of Purchaser which shall not be unreasonably delayed or withheld and be deemed granted if and to the extent no objection from or on behalf of Purchaser is received in text form (*Textform*) by Seller within three (3) Business Days following receipt by Purchaser of the request for consent:

13.2.1.adopt any domination, profit and loss transfer agreements or any other enterprise agreements (*Unternehmensverträge*) within the meaning of Sections 291 and 292 German Stock Corporation Act (*AktG*) or comparable profit sharing or pooling agreements or arrangements under the laws of other jurisdictions (excluding, for the avoidance of doubt, continuing the Cash Pooling);

13.2.2.file for or enter into any merger, split-off, conversion or any other restructuring under the German Transformation Act (*UmwG*) or comparable transactions or arrangements under the laws of other jurisdictions;

13.2.3.amend the articles of association, by-laws or other constitutional documents;

13.2.4.(i) issue or redeem (*einziehen*) any shares, equity securities, or securities convertible into shares or equity securities, or (ii) agree to issue or redeem, or grant any option in respect of or over, shares or equity securities or securities convertible into shares or equity securities, except for, in each case of (i) and (ii), issuances to, or redemptions by, a Company;

13.2.5.enter into dissolution or winding-up proceedings in relation to a Material Company;

13.2.6.enter into any acquisition or divestiture of a shareholding, business or real estate for a consideration or with a book value exceeding an amount of EUR 3,000,000 (in words: Euro three million) in the individual case;

13.2.7.make any material capital expenditure exceeding an amount of EUR 3,000,000 (in words: Euro three million) in the individual case, except pursuant to agreements or commitments existing on the Signing

Date;

13.2.8.enter into any sale, lease, assignment, transfer, license or other form of disposal of any Material Asset, except in the ordinary course of business consistent with past practice;

13.2.9.permit any of its Material Assets to be subjected to any mortgage, pledge, encumbrance or charge of any kind, except for those arising by operation of law or in the ordinary course of business consistent with past practice;

13.2.10.enter into any collective agreements with unions, works councils or other employee representative bodies other than industry wide collective bargaining agreements (*Flächentarifverträge*) or into any agreements of the kind referred to in Section 10.1.12.1, except in the ordinary course of business consistent with past practice;

13.2.11.grant any increase in, or otherwise amend the entitlements to any, wages, salaries, bonuses or other remuneration of any directors or employees other than increases which (i) are provided for by collective bargaining agreements (*Tarifverträge*) or references to such bargaining agreements in the individual employment contracts, or (ii) are granted in the ordinary course of business consistent with past practice;

13.2.12.incur any incremental (*zusätzliche*) financial liability for borrowed money exceeding an amount of EUR 1,000,000 (in words: Euro one million) in the aggregate or issue any guarantee exceeding such amount in the aggregate, in each case excluding liabilities for borrowed money, guarantees, bonds or letters of credit incurred or issued (i) towards any

Company or (ii) under the External Debt Financing Agreements or (iii) in the ordinary course of business and in amounts and on terms consistent with past practice;

13.2.13.cancel or waive any claims or rights each with an individual market value exceeding an amount of EUR 1,000,000 (in words: Euro one million);

13.2.14.deliver products to (i) any person with delivery address in Iran, Iraq or Syria or (ii) any person with delivery address in Russia which is on a then applicable list of restricted parties under embargo or other sanctions provisions imposed by the European Union or the United States, in each case if the value of deliveries of products exceeds EUR 500,000 (in words: Euro five hundred thousand); or

13.2.15.agree, whether or not in writing, to do any of the foregoing.

13.3.For the period between the Signing Date and the Closing Date, Seller shall procure (*steht dafür ein*) that no Leakage, except for Permitted Leakage, occurs.

13.4.The covenants of Seller contained in Sections 13.1 and 13.2 above are herein collectively referred to as " **Seller's Operating Covenants** ". The covenant of Seller contained in Section 13.3 above is herein referred to as " **Seller's No Leakage Covenant** ". Seller's Operating Covenants, Seller's No Leakage Covenant, and Seller's Tax Covenants (as defined in Section 14.2.6 below) are herein

collectively referred to as " **Seller's Covenants** " and each as a " **Seller's Covenant** ".

13.5.Seller agrees to use commercially reasonable efforts to cause the Target Company to commence its audit for the fiscal year ending on December 31, 2017 as promptly as practicable after December 31, 2017 and to continue to progress on the audit through the Closing.

13.6.Between the Signing Date and the Scheduled Closing Date, Seller shall use reasonable efforts to provide to Purchaser at the cost of Purchaser such information which Purchaser reasonably requires and requests for the purpose of preparing the integration, translation to US GAAP and consolidation of the Companies in the accounting systems of the Guarantor after the Closing Date to the extent such information is readily available for Seller and does not require additional analyses and providing such information does not violate any obligations of Seller (including under any antitrust laws).

14.Step-up Benefit; VAT Allocation Procedure; Preparation of Fiscal Unity

14.1.The Target Company acquired, with retroactive effect for income tax purposes as of 31 December 2014, the business units "trade" and "real estate trade" under the Corporate Reorganization. The Corporate Reorganization initiated a holding

period pursuant to Section 22 para. 1 German Transformation Tax Act (*UmwStG*). The holding period will be breached by the sale and transfer of the Target Shares as contemplated under this Agreement. The Parties assume that, as a consequence thereof, certain tax benefits and tax liabilities will arise at the level of the Companies. Against this background, the Parties agree on the adjustment of the Total Purchase Price with a view to any tax benefits and tax liabilities arising from such breach of the aforementioned holding period in accordance with Section 14.2 below.

14.2.With respect to the expected tax benefits of the Target Company and Stahlgruber Logistikzentrum Grundstücks-Verwaltungs GmbH & Co. oHG, a partnership (*offene Handelsgesellschaft*) under the laws of Germany, having its registered office at Gruber Str. 65, 85586 Poing, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under number HRA 68561 (herein " **Stahlgruber Grundstücks-Verwaltung** ") due to a step-up pursuant to Section 23 para. 2 German Transformation Tax Act (*UmwStG*) in connection with the Corporate Reorganization (herein " **Step-up Benefit** "), the Parties agree as follows:

14.2.1.The Parties agree that the Step-up Benefit accruing to Purchaser shall in accordance with the following provisions increase or decrease, as the case may be, the Total Purchase Price if the contribution gain I (*Einbringungsgewinn I*) within the meaning of Section 22 para. 1 sentence 3 German Transformation Tax Act (*UmwStG*) exceeds or falls short of, as the case may be, the agreed amount of EUR 450,000,000 (in words: Euro four hundred fifty million) (before reduction by 1/7 (in

words: one seventh) per year which has lapsed since 31 December 2014) (herein " **Agreed Contribution Gain Amount** ").

14.2.2.If the contribution gain I (*Einbringungsgewinn I*) (before reduction by 1/7 (in words: one seventh) per year which has lapsed since 31 December 2014) that is actually assessed by the tax office which is competent for the Seller is greater or smaller than the Agreed Contribution Gain Amount, the Total Purchase Price shall be increased or decreased as the case may be, by the adjustment amount calculated in accordance with the

formula contained in **Exhibit 14.2.2** . If the adjustment amount so calculated is positive, the Total Purchase Price shall be increased by such amount (herein " **Positive Adjustment Amount** ") and Purchaser shall pay the Positive Adjustment Amount to Seller. If the adjustment amount so calculated is negative, the Total Purchase Price shall be decreased by such amount (herein " **Negative Adjustment Amount** ") and Seller shall pay the Negative Adjustment Amount to Purchaser.

14.2.3.If the contribution gain I (*Einbringungsgewinn I*) as initially assessed is subsequently amended by way of a reassessment (for instance, as a result of a tax field audit), the Total Purchase Price shall be adjusted in accordance with Section 14.2.2 and the formula contained in Exhibit 14.2.2 but taking into account any Positive Adjustment Amounts

or Negative Adjustment Amounts already settled among the Parties prior to such adjustment and any adjustment amount thus calculated shall be referred to herein as " **Revised Adjustment Amount** ". The Party (Seller or Purchaser) owing the Revised Adjustment Amount shall pay the Revised Adjustment Amount to the respective other Party (Purchaser or Seller). A sample calculation of the Revised Adjustment Amount is set out, for illustration purposes, in **Exhibit 14.2.2** .

14.2.4.Any claim for payment of a Positive Adjustment Amount, a Negative Adjustment Amount or a Revised Adjustment Amount shall become due and payable within twenty (20) Business Days, in the case of a claim of Seller, after (i) delivery to Purchaser of a copy of the relevant assessment and (ii) Seller has provided the Target Company with evidence that the relevant tax has been settled, and, in the case of a claim of Purchaser, after receipt of Purchaser of (y) a copy of the relevant assessment delivered by Seller or (z) the Purchaser has provided the Seller with a copy of the relevant assessment of the Target Company showing the decreased step-up which results from the decreased contribution gain I (*Einbringungsgewinn I*). Any Positive Adjustment Amount or Negative Adjustment Amount or Revised Adjustment Amount, as the case may be, shall bear interest at a rate of 400 (in words: four hundred) basis points above the respective applicable thirty (30) days-EURIBOR p.a. (herein " **Agreed Interest Rate** ") beginning as from the day after the Closing Date until (but excluding) the date of payment of the respective amount.

14.2.5.Any claim for payment of a Positive Adjustment Amount, a Negative Adjustment Amount or a Revised Adjustment Amount, as the case may

be, shall become time-barred twelve (12) months after the relevant assessment has become unappealable (*formell bestandskräftig*), but, in the case of a claim of Purchaser, not earlier than twelve (12) months after delivery of a copy of the relevant assessment to Purchaser by Seller.

14.2.6.Seller shall

14.2.6.1.as soon as reasonably possible after the Closing Date notify its competent Tax office of the need for the reassessment of corporate income tax and trade tax for the year 2014 pursuant to Section 22 para. 1 German Transformation Tax Act (*UmwStG*);

14.2.6.2.settle (*entrichten*) any corporate income tax and trade tax assessed against Seller onthe contribution gain I (*Einbringungsgewinn I*) when due (*fällig*) and payable (*zahlbar*); and

14.2.6.3.keep Purchaser duly informed of the steps pursuant to Sections 14.2.6.1 and 14.2.6.2 above

(herein collectively " **Seller's Tax Covenants** ").

14.2.7.Purchaser shall procure (*steht dafür ein*) that the application for the tax certificates within the meaning of Section 22 para. 5 German Transformation Tax Act (*UmwStG*) shall be made by each the Target

Company and Stahlgruber Grundstücks-Verwaltung.

14.2.8.In the event that the competent Tax office assesses a contribution gain I (*Einbringungsgewinn I*) which exceeds the Agreed Contribution Gain Amount, Seller is free to take all legal actions which Seller, in its absolute discretion, deems reasonable in order to challenge such assessment (including the filing of an appeal or a lawsuit).

14.3.The Parties are aware and agree that Seller and the Target Company have operated a VAT allocation procedure (*Umsatzsteuerumlageverfahren*) also in respect of any supplies or services rendered by or to the Target Company after the Effective Date until 31 December 2017 or until the Closing Date, as the case may be, if and to the extent such supplies or services are attributed to Seller due to the fact that Seller and the Target Company are assessed as a VAT group (*Umsatzsteuerorganschaft*)

with the Seller as controlling entity (*Organträger*) (herein " **Post-Effective Date VAT Allocation Procedure** "). Seller shall, and Seller or, as of the Closing Date, Purchaser shall procure (*steht dafür ein*) that the Target Company shall continue to operate the Post-Effective Date VAT Allocation Procedure for periods after the Effective Date and until 31 December 2017 or the Closing Date, as the case may be, i.e., periods after the Effective Date and until the VAT group between the Target Company and Seller has ceased to exist (such periods herein collectively the " **Post-Effective Date VAT Allocation Period** "). Consequently, Seller or,

as of
the Closing Date, Purchaser shall procure (*steht dafür ein*) that the Target Company shall pay to Seller an amount equal to the VAT that would have become payable by the Target Company if it had not been assessed as part of a VAT group with Seller during the Post-Effective Date VAT Allocation Period. Conversely, Seller shall pay to the Target Company an amount equal to any refund of VAT that would have been paid to the Target Company if it had not been assessed as part of a VAT group with Seller during this period. The Parties shall, and shall procure (*stehen dafür ein*) that their respective Affiliates will, closely cooperate with each other (including, without limitation, the exchange of relevant information) with respect to all matters required for the proper reporting of VAT during the Post-Effective Date VAT Allocation Period. The Parties are aware and agree that the Post-Effective Date VAT Allocation Procedure has been, and will be, implemented by means of the settlement accounts (*Verrechnungskonten*) of Seller and the Target Company. Any payment claim under the Post-Effective Date VAT Allocation Procedure shall become time-barred twelve (12) months after the relevant assessment has become unappealable (*formell bestandskräftig*), but, in the case of a claim of the Target Company, not earlier than twelve (12) months after Seller has delivered a copy of the relevant assessment note or any other document concerning the assessment of VAT (first assessment or later amendment) which clearly indicates a VAT deduction/refund claim triggered by the business of the Target Company. For purposes of the Post-Effective Date VAT Allocation Procedure under this Section 14.3, any intra-group supplies or services between Seller and Target Company (*Innenumsätze*) shall be disregarded.

14.4.If the competent tax office decides in a VAT assessment (*Umsatzsteuerbescheid*)

that the Target Company was not part of the VAT group of Seller in the Post-

Effective Date VAT Allocation Period (or any parts thereof) and assesses VAT

against or pays a refund of VAT to the Target Company for this period,

14.4.1. Seller shall, and Purchaser shall procure (*dafür einstehen*) that the Target Company shall, file, as the case may be, corrected VAT returns for all relevant periods, (ii) Seller shall, after receipt of a copy of such

assessment which is accompanied by a reasonably detailed explanation of the background, immediately pay the VAT originally received from the Target Company under the Post-Effective Date VAT Allocation Procedure back to the Target Company, and, *vice versa* , and (iii) Purchaser shall procure that the Target Company shall immediately pay any refund of VAT originally received from Seller under the Post-Effective Date VAT Allocation Procedure back to Seller. Further, if VATable transactions were carried out between Seller and the Target Company, any statutory VAT shall be paid (or in case by the Target Company procured to be paid by Purchaser) to the supplying party if and to the extent it is liable for VAT and proper VAT invoices which entitle the other party for input VAT recovery shall be issued in due time; and

14.4.2. any interest assessed by the tax office against (i) Seller or (ii) the Target Company due to late declaration of VAT shall be borne equally by Seller and the Target Company. In case of (i) Purchaser shall procure (*steht dafür ein*) that the Target Company shall pay 50% (in words: fifty percent) of such interest to Seller within five (5) Business Days upon the

receipt of a copy of a respective assessment note issued by the tax office of Seller and in case of (ii) Seller shall pay 50% (in words: fifty percent) of such interest to the Target Company within five (5) Business Days upon the receipt of a copy of a respective assessment note issued by the tax office of the Target Company. In case that Seller or the Target Company receive any interest assessed by the tax office, the 50% sharing according to this Section 14.4.2 shall apply *mutatis mutandis* , provided that the amount payable shall be net of any Taxes payable by the recipient thereon.

14.5.Section 14.4.1 above shall apply accordingly if and to the extent the competent tax office decides in a VAT assessment (*Umsatzsteuerbescheid*) that the Target Company was not part of the VAT group of Seller in any period prior to and including the Effective Date for which a VAT allocation procedure was operated by Seller and the Target Company (herein " **Pre-Effective Date VAT Allocation Procedure** " and, together with the Post-Effective Date VAT Allocation Procedure " **VAT Allocation Procedures** " and each a " **VAT Allocation Procedure** "), provided that (i) the Target Company's or, as the case may be, Seller's claim shall become due and payable (*fällig*) only once and up to the amount that Seller or, as the case may be, the Target Company has actually received in a cash-effective manner (including, by way of set-off) from the tax office the refund of VAT (plus interest thereon) which results from such assessment, and (ii) Purchaser shall have

a claim only if and to the extent it has provided Seller with a copy of the assessment in such a timely manner that Seller was able to reasonably assess the merits of any legal remedy available against such assessment and request that such legal remedy is taken and has, at Seller's request and in accordance with Seller's direction, taken all steps in order to challenge such assessment.

14.6.Seller is aware that Purchaser or an Affiliate of Purchaser named by Purchaser may intend to enter into a fiscal unity (*Organschaft*) for German corporate income tax and trade tax purposes with the Target Company and/or one or all of the other Companies with effect from the Scheduled Closing Date or shortly after the Closing Date. Against this background, Seller shall use reasonable efforts that the Target Company will at Purchaser's expense, including any costs and expenses for reversing any implemented measures in the event that Closing does not occur, reasonably cooperate with Purchaser prior to the Scheduled Closing Date (i) to prepare the agreements and resolutions required to implement such fiscal unity with the Target Company with effect from the Scheduled Closing Date, or shortly after the Closing Date, as reasonably requested by the Purchaser by preparing and, after Purchaser's outside counsel and Seller's outside counsel having reasonably agreed that the Closing Condition is most likely to be fulfilled, implement the change of the business year of the Target Company or the relevant Company as reasonably requested by Purchaser and (ii) to request, after Purchaser's outside counsel and Seller's outside counsel having reasonably agreed that the Closing Condition is most likely to be fulfilled, the relevant Tax authorities' approval of such change of the business year. Nothing in this Section 14.6 shall affect Purchaser's obligations to effect the Closing Events on the Scheduled Closing Date

in accordance with Section 9.8 above.

15.Termination of Intra-Group Arrangements; Transitional Services; Additional Seller's Undertakings

15.1.The Parties agree that, after the Closing Date, the contractual relationships between Seller or Seller's Affiliates on the one hand and any Companies on the other hand shall be exclusively governed by the Surviving Intra-Group Agreements (as defined hereinafter) and any agreements which may be entered into between Seller or Seller's Affiliates on the one hand and any Companies on the other hand after the Closing Date. " **Surviving Intra-Group Agreements** " shall mean

15.1.1. the Transitional Services Agreements (as defined in Section 15.5 below);

15.1.2. the License Agreement (as defined in Section 15.6 below);

15.1.3.any agreements to the extent that they serve as the legal basis for any Ordinary-course Intragroup Transactions other than with respect to services (which shall, following the Closing Date, be governed by the Transitional Services Agreements);

15.1.4.any agreements with respect to the Corporate Reorganization, including the hive-down and takeover agreement (*Ausgliederungs- und Übernahmevertrag*) dated 16 June 2015 and the split-up and takeover

agreement (*Aufspaltungs- und Übernahmevertrag*) dated also 16 June 2015 as well as any agreement transferred under such agreements or entered into pursuant to such agreements as well as any ancillary agreements entered into to implement any of the aforesaid agreements, including the agreement between Seller and the Target Company regarding litigation of Seller dated 7 December 2017 (*Vereinbarung zu Rechtsstreitigkeiten der Stahlgruber Otto Gruber AG*) (herein " **Litigation Agreement** ") it being agreed that Seller shall not unreasonably revoke (*widerrufen*) any rights of the Target Company under the Litigation Agreement;

15.1.5.any rights and obligations arising from or in connection with any VAT Allocation Procedure; and

15.1.6.any agreements entered into with the prior written consent of Purchaser.

15.2.All contracts, agreements or arrangements existing between Seller or Seller's Affiliates on the one hand and any Companies on the other hand prior to or until and including the Closing Date, if and to the extent they are not Surviving Intra-Group Agreements (herein " **Non-Surviving Intra-Group Arrangements** "), shall be terminated with effect as of the Closing Date. The Parties shall procure (*dafür einstehen*) that the relevant parties to the respective Non-Surviving Intra-Group Arrangement, to the extent they are an Affiliate of the respective Party, enter into a termination agreement or accept a termination notice with regard to such Non-Surviving Intra-Group Arrangements with economic effect as of the Closing Date without any obligation of any party to the Non-Surviving Intra-Group Arrangement to make compensation or other payments for such termination, even if the respective Non-Surviving Intra-Group Arrangement provides for any such

compensation or other payment for such termination.

15.3.Seller shall, and undertakes that all of Seller's Affiliates shall, release any Company and waive any claims against any Company under any Non-Surviving Intra-Group Arrangements other than claims resulting from Ordinary-course Intragroup Transactions.

15.4.Purchaser shall, and undertakes that the Companies shall, release Seller and all of Seller's Affiliates under any Non-Surviving Intra-Group Arrangements other than claims resulting from Ordinary-course Intragroup Transactions.

15.5.Seller shall, and shall procure (*steht dafür ein*) that the Target Company shall, enter on or prior to the Scheduled Closing Date into a transitional services agreement pursuant to which the Target Company shall receive certain services and a reverse transitional services agreement pursuant to which the Seller shall receive certain services, in each case substantially in the respective form as attached hereto as **Exhibit 15.5** (herein collectively " **Transitional Services Agreements** ").

15.6.Seller shall, and shall procure (*steht dafür ein*) that the Target Company shall, enter into a license agreement on or prior to the Scheduled Closing Date substantially in the form as attached hereto as **Exhibit 15.6** (herein " **License Agreement** ") regarding the right of Seller, Seller's Affiliates, Stahlgruber-Stiftung and Stahlgruber Gesellschafter-Stiftung to use "Stahlgruber" as trade name, in particular, in the case of Seller, in the company name "Stahlgruber Otto Gruber

AG" in accordance with the terms of the License Agreement.

15.7.In respect of the lease agreement dated 20 May 2015, as amended from time to time, between the Seller's Affiliate OWG Beteiligungs AG (as lessor) and the Target Company (as lessee) regarding the Target Company's headquarter in Gruber Str. 65 in 85586 Poing, Germany, following the Closing Date Seller shall procure (*steht dafür ein*) that OWG Beteiligungs AG will refrain and Purchaser shall procure that the Target Company will refrain, from (i) terminating such lease agreement prior to the contractually-agreed fixed period or notice period, irrespective of whether the stipulation of such fixed or notice period is legally valid or not or (ii) asserting invalidity of any such leases. The right to terminate for cause remains unaffected. The obligations of the Parties under this Section 15.7 shall terminate once the aforementioned lease agreement is amended for the first time after the Closing Date. Should other lease agreements between Seller or any of Seller's Affiliates which are Subsidiaries of Seller on the one side and any Companies on the other side be terminable prior to their agreed contractual term on similar statutory grounds, this Section 15.7 shall apply *mutatis mutandis* .

15.8.In the event that either Heinz Rieker, Andrej Jerman, or Werner Maier, the managing directors (*Geschäftsführer*) of the Target Company as of the Signing Date, (i) terminate (*kündigen*) their managing director services agreement (*Geschäftsführervertrag*) with the Target Company based on the change-of-control provisions set out therein within the twelve (12) months' period following the Closing Date and (ii) are engaged by a competitor of the Target Company either as managing director or full-time advisor within the six (6) months' period following the date the respective managing directors services agreement terminates (*beendet*

wird), Seller shall pay to Purchaser, within 10 (ten) Business Days following the later of (y) the date of such termination (*Beendigung*) and (z) the date of Seller's receipt of a written notice by Purchaser to Seller of such termination and such engagement of the respective managing director by a competitor, fifty percent (50%) of the settlement payment (*Abfindung*) owed to the respective managing director under the respective managing director services agreement in case he terminates the managing director services agreement upon a change-of-control, but in no event more than EUR 3,800,000 (in words: Euro three million eight hundred thousand) in the aggregate for all three managing directors combined.

15.9 Upon and in accordance with Purchaser's reasonable request and instructions, Seller shall following the Closing Date and at Purchaser's expense confirm (*bestätigen*) the transfer of shares in Stahlgruber Ges.m.b.H. (Austria) from Seller to Stahlgruber Beteiligungs GmbH through notarization by an Austrian notary public (Austrian *Notariatsakt*).

16.Expiration and Limitation of Claims

16.1.All Purchaser Claims shall be time-barred (*verjähren*) eighteen (18) months after the Signing Date. Exempted herefrom are:

16.1.1.all claims of Purchaser arising (i) from a breach of a Seller's Guarantee contained in Sections 10.1.1, 10.1.2 and 10.1.3 through 10.1.5 above, in each case other than to the extent the respective Seller's Guarantee is made only to the Knowledge of Seller, (ii) from a breach of the Seller's Guarantee contained in Section 10.1.16.2 above ((i) and (ii) herein collectively " **Fundamental Guarantees** " and each a " **Fundamental Guarantee** ") or (iii) in relationto the performance claims (*Erfüllungsansprüche*) to transfer title to the Target Shares and Downstream Loans Claims, if any, which shall be time-barred (*verjährt*) (x) in case of (i) and (iii) on the third (3 [rd]) anniversary of the Signing

Date and (y) in case of (ii) on the fifth (5 th) anniversary of the Signing Date;

16.1.2.all claims of Purchaser for payment of a Negative Adjustment Amount in accordance with Section 14.2.2 above or a Revised Adjustment Amount in accordance with Section 14.2.3 above shall be time-barred (*verjähren*) in accordance with Section 14.2.5 above;

16.1.3.Purchaser's Indemnification Claims (as defined in Section 19.4 below) which shall be time-barred (*verjähren*) in accordance with Section 19.4 below; and

16.1.4.all claims of Purchaser arising as a result of wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*) by Seller or Seller's Deal Team, which shall be time-barred (*verjähren*) in accordance with the statutory provisions set forth in Sections 195, 199 German Civil Code (*BGB*);

(herein collectively " **Time Limitations** ").

All claims of Purchaser (i) referred to under Section 16.1.1, 16.1.2, 16.1.3 and Section 16.1.4 above, (ii) resulting from a breach of the Seller's No Leakage Guarantee, (iii) resulting from a breach of Seller's No Leakage Covenant or (iv) resulting from a breach of Seller's Tax Covenants are herein collectively referred to as " **Exempted Claims** ".

16.2.The expiry period for any claims of Purchaser under or in connection with this Agreement shall be suspended (*gehemmt*) pursuant to Section 209 German Civil Code (*BGB*) by any timely demand for fulfilment pursuant to Section 12.2 above, provided that Purchaser commences arbitral proceedings in accordance with Section 28.2 below within three (3) months after the expiry of the relevant Time Limitation. Section 203 German Civil Code (*BGB*) shall not apply, unless the relevant Parties agree in writing that the expiry period shall be suspended (*gehemmt*) on the basis of pending settlement negotiations.

16.3.No liability shall attach to Seller under or in connection with this Agreement if the Relevant Losses in relation to an individual Purchaser Claim, including a series of related claims based on the same facts or circumstances, do not exceed EUR 500,000 (in words: Euro five hundred thousand) (herein " **De Minimis Claims** ") and until the aggregate amount of the Relevant Losses in relation to all

Purchaser Claims (excluding De Minimis Claims and Exempted Claims) exceeds an aggregate amount of EUR 7,500,000 (in words: Euro seven million five hundred thousand) (*Freibetrag*) (herein " **Deductible** "). If the aggregate amount of the Relevant Losses in relation to all Purchaser Claims (excluding De Minimis Claims and Exempted Claims) exceeds the Deductible, Purchaser may claim (only) the excess of such Relevant Losses above the Deductible, subject to the other provisions of this Section 16. The limitations of this Section 16.3 shall not apply to any Exempted Claims.

16.4.The aggregate liability of Seller for any claims for a breach of Seller's Guarantees (herein collectively " **Insured Claims** ") (other than for breach of any of the Fundamental Guarantees or Seller's No Leakage Guarantee) shall not exceed EUR 100,000 (in words: Euro one hundred thousand) (herein " **W&I Liability Cap** "). Purchaser expressly acknowledges and the Parties agree that any liability of Seller for Insured Claims (other than for breach of any of the Fundamental Guarantees or Seller's No Leakage Guarantee) in excess of the W&I Liability Cap shall be excluded. Consequently, Purchaser's sole recourse with respect to Insured Claims (other than for breach of any of the Fundamental Guarantees or Seller's No Leakage Guarantee) in excess of the W&I Liability Cap shall be against the entity or entities, as the case may be, underwriting the Insured Claims (herein each an " **Insurer** "). Purchaser expressly acknowledges and the Parties agree that the validity and collectability risks in respect of the insurance which has been or will be taken out by Purchaser in relation to the Insured Claims or any other claims of Purchaser under this Agreement (herein " **W&I Insurance** ") shall solely and irrevocably rest with Purchaser. Purchaser may pursue claims simultaneously against Seller and any Insurer, provided that (i) if and to the extent that any claim of Purchaser for a breach of a Fundamental Guarantee can be recovered or could reasonably have been recovered under the W&I Insurance, Seller shall only be liable for amounts which cannot and could reasonably not have been recovered under the W&I Insurance, and (ii) with respect to any other claim of Purchaser against Seller, other than an Insured Claim, that can be recovered or could reasonably have been recovered under the W&I Insurance, any liability of Seller for such claim of Purchaser shall be excluded.

16.5.The aggregate liability of Seller for all claims under or in connection with this

Agreement, other than Exempted Claims, shall, subject to Section 16.6 below, not exceed EUR 35,000,000 (in words: Euro thirty-five million) (herein " **General Liability Cap** ").

16.6.Neither the exclusion of De Minimis Claims, the Deductible, the W&I Liability Cap nor the General Liability Cap shall apply to any Exempted Claims, provided, however, that Seller's aggregate overall liability under or in connection with this Agreement, except for claims of Purchaser arising as a result of wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*) by Seller or Seller's Deal Team, shall in no event exceed the Total Purchase Price.

16.7.The remedies that Purchaser may have against Seller for any breach of its obligations set forth under or in connection with this Agreement are solely governed by this Agreement, and the remedies of Purchaser provided for by this Agreement shall be the exclusive remedies available to Purchaser, the Affiliates of Purchaser or the Companies under and/or in connection with this Agreement. Except as explicitly otherwise set forth in this Agreement, any right of Purchaser to withdraw (*zurücktreten*) from this Agreement or to require the winding up of the transactions contemplated under this Agreement (e.g. by way of *großer Schadenersatz* or *Schadenersatz statt der ganzen Leistung*) shall be excluded. Further, (i) any claims for a breach of pre-contractual obligations (*culpa in contrahendo*),including but not limited to claims arising under Sections 241 (2), 311 (2) and (3) German Civil Code (*BGB*) or ancillary obligations (*Nebenpflichten*) *,* including but not limited to claims arising under

Sections 241 (2), 280 German Civil Code (*BGB*), (ii) any claims based on frustration of contract (*Störung der Geschäftsgrundlage*) pursuant to Section 313 German Civil Code (*BGB*), (iii) all remedies of Purchaser for defects of the purchase object, including but not limited to claims arising under Sections 437 through 441 German Civil Code (*BGB*), and (iv) the right to rescind (*anfechten*) this Agreement are hereby expressly excluded (*ausgeschlossen*) and waived (*verzichtet*) by Purchaser. The limitations of this Section 16.7 shall not apply to claims based on wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*) by Seller, provided, however, that Seller's liability for wilful or intentional behaviour of any of its vicarious agents (*Erfüllungsgehilfen*), except for the Seller's Deal Team, and the right to rescind (*anfechten*) this Agreement based on wilful deceit by such vicarious agents, except for the Seller's Deal Team, shall in any event remain excluded.

17.Purchaser's Business Covenants

17.1.Purchaser is aware that part of the insurance existing for the Business is maintained as a group policy by Seller or Seller's Affiliates and will no longer cover the Business, the Target Company or Stahlgruber Group as from the Closing

Date. Purchaser shall procure (*steht dafür ein*) that the Companies maintain insurance coverage for the Business in line with general industry standards effective from the Closing Date.

17.2.Purchaser acknowledges and agrees that all documents in the custody and

control

of the Material Companies and relating to the period prior to the Closing Date (herein " **Retention Materials** ") shall be preserved and retained by the Companies for the period beginning on the Closing Date and ending on the later of (i) the fifth (5 th) anniversary of the Closing Date and (ii) the expiry of applicable statutory document retention obligations, and (iii) in case any arbitral or court proceedings in respect of any claims of Purchaser against Seller under or in connection with this Agreement are pending, the termination of such proceedings (whether by binding and enforceable award or by settlement or withdrawal) (each such date for each item of Retention Materials referred to in (i) through (iii) herein " **Data Preservation Termination Date** "). Prior to any applicable Data Preservation Termination Date, Purchaser shall consult with Seller before destroying or modifying the relevant Retention Materials and permit Seller to review and reproduce such Retention Materials prior to any destruction or modification by Purchaser. Purchaser undertakes that, as from the Closing Date, Seller, Seller's

Affiliates and their professional advisers and other representatives shall be granted, upon their request and without undue delay, full access during normal business hours to the Retention Materials (including the right to make, at Seller's cost, hard copies and/or electronic copies thereof) and to the personnel of the Material Companies, to the extent necessary or appropriate for any legitimate reasons of Seller or any of Seller's Affiliates, including in order to enable Seller or any of Seller's Affiliates to fully enforce any rights and determine any obligations they have under this Agreement or in relation to the Business towards third parties or governmental authorities or as necessary or appropriate for Seller or any of Seller's Affiliates in connection with any audit, de-consolidation or other accounting matter, investigation, or any other reasonable business purpose relating to the Business or to Seller or to any of Seller's Affiliates.

17.3.Purchaser shall procure (*steht dafür ein*) that, except with the prior written consent of Seller, any W&I Insurance in relation to this Agreement (if any) taken out after the Closing Date provides for the benefit of Seller that any claims shall only be subrogated against Seller, by operation of law or contractually, in case of wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*) by Seller or Seller's Deal Team.

18.Purchaser's Financial Covenants

18.1.Subject to Closing occurring, Purchaser hereby assumes, with full discharge (*befreiende Schuldübernahme*) of Seller and Seller's Affiliates, all present and future obligations and liabilities of Seller and Seller's Affiliates under or in connection with (i) any assumption of joint liability, guarantee, surety, (standby) letter of credit, letter of support or other security which banks, insurance companies, financial institutions, Seller or Seller's Affiliates have issued, or will issue, with respect to the Business (herein each a " **Seller'sSecurity** ") and (ii) any obligations or liabilities of Seller, Seller's Affiliates or the Companies to pay interest, fees, costs or expenses in connection with the Seller's Securities (herein " **Security Charges** ") to the issuers of the Seller's Securities, including a Seller's Affiliate being the issuer ((i) and (ii) collectively the " **Security Liabilities** "). Purchaser shall use reasonable efforts that within three (3) months after the

Closing Date (herein " **Security Release Period** ") Seller and Seller's Affiliates are fully released from any Seller's Security and any Security Liability by providing replacement securities or otherwise and any documents or instruments evidencing the Seller's Securities are returned to Seller or the relevant Seller's Affiliate, as the case may be, it being understood that Purchaser's aforesaid obligations shall continue to exist after the Security Release Period to the extent such release has not yet been achieved.

18.2.Purchaser shall pay, or shall procure (*steht dafür ein*) that the relevant Companies shall pay, with effect as from the later of (i) the Closing Date or (ii) the date on which Purchaser or the relevant Company has obtained knowledge of the existence and amount of the relevant Seller's Securities (provided that any Seller's Securities disclosed in **Exhibit 18.2** shall be deemed known by Purchaser), any and all costs arising in connection with the Seller's Securities within ten (10) Business Days of the date of receipt of a relevant invoice as follows:

18.2.1. the relevant Security Charges to Seller or the relevant Seller's Affiliates, as the case may be; and

18.2.2. in addition to the Security Charges, a monthly fee payable to Seller of 300 (in words: three hundred) basis points *p.a.* of the nominal amount in relation to each Seller's Security for which release has not yet been effected on the last day of the relevant calendar month; and

18.2.3. to the extent Seller and Seller's Affiliates are not fully released from all Seller's Securities and Security Liabilities within six (6) months as of the

expiry of the Security Release Period, in addition to Sections 18.2.1 and 18.2.2 above, an additional monthly fee of 200 (in words: two hundred) basis points p.a. of the nominal amount in relation to each Seller's Security for which release has not yet been effected on the last day of the relevant calendar month (herein " **Penalty Fee** ") it being agreed that the Penalty Fee shall be increased by 20 (in words: twenty) basis points p.a. for each full calendar quarter elapsed after expiry of the Security Release Period up to a maximum amount of 300 (in words: three hundred) basis points p.a..

18.3.Purchaser shall report to Seller at the end of each calendar quarter on the measures undertaken in order to procure Seller's and Seller's Affiliates’ release from the Seller's Securities and the Security Liabilities.

18.4.As from the Closing Date, neither Seller nor any Seller's Affiliate shall have any obligation to provide any new Seller's Securities or extend, increase or otherwise modify any existing Seller's Securities nor to assume or extend any obligations or liabilities in connection with any of the Seller's Securities and Purchaser shall procure (*steht dafür ein*) that none of the Companies causes the issuance of any security by any bank, insurance provider or financial institution for which Seller or any Seller's Affiliate may become liable.

19.Purchaser's and Seller's Indemnities

19.1.Purchaser shall indemnify and hold harmless Seller and any Seller's Affiliate and any of their respective successors, officers, directors, direct or indirect shareholders, employees, advisors and agents (herein each a " **Seller's Beneficiary** ") from and against any and all losses, liabilities (whether present or future, actual or contingent), damages and reasonable costs and expenses (including Taxes, reasonable legal fees, expenses and disbursements) arising out of or in connection with:

19.1.1. the conduct of the Business for which any Seller's Beneficiary is held liable or for which liability against any Seller's Beneficiary is asserted, in each case in its capacity as (i) former direct or indirect shareholder of a Company, or (ii) former director, officer, board member, employee, advisor or agent of a Company, in each case (y) provided that the liability of the Seller's Beneficiary is raised (A) by any Company or any of its successors or assignees or (B) by any third party if and to the extent

that the asserted liability of the Seller's Beneficiary towards the third party is (or is asserted to be) jointly and severally with, or constitutes (or is asserted to constitute) a secondary liability to or otherwise derives from (or is asserted to derive from), a respective liability or conduct of any Company, and (z) unless and to the extent such liability is based on wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*)

by Seller or the relevant Seller's Beneficiary;

19.1.2.any claims arising out of, or in connection with, the Corporate Reorganization, in particular any claims pursuant to Section 133 German Transformation Act (*UmwG*), with respect to any obligation or liability of, or allocated under the Corporate Reorganization to, any Company and brought against Seller or any Seller's Beneficiary;

19.1.3.any claims brought against Seller or any Seller's Beneficiary arising out of, or in connection with, (i) any External Debt Financing Agreements, and/or (ii) any other debt or financial liabilities or obligations of any of the Companies, and/or (iii) any Financing Securities, and/or (iv) any Seller's Securities;

19.1.4.any claims brought against Seller or any Seller's Beneficiary arising out of, or in connection with, the repayment of the Downstream Loans Claims, in particular any repayments of the Downstream Loans Claims made in breach of Section 6.3 above;

19.1.5.any claims brought by or on behalf of any Company or any of its successors or assignees against any Seller's Beneficiary arising out of, or connection with, the Ancillary Agreements;

19.1.6.any claims brought by or on behalf of any Company or any of its successors or assignees against Seller or any Seller's Beneficiary arising out of or in connection with any Non-Surviving Intra-Group Arrangement (other than claims not to be waived according to Section 15.4 above); and/or

19.1.7.any claims brought against Seller or any Seller's Beneficiary under or in connection with the W&I Insurance, including any subrogation of claims, by operation of law or contractually, other than a subrogation in case

of
wilful deceit (*arglistige Täuschung*) or intentional behaviour (*Vorsatz*) by Seller or Seller's Deal Team;

in each case unless and except to the extent Purchaser has an enforceable right to claim damages or indemnification from Seller in respect of such losses, liabilities or damages under the terms of this Agreement (herein collectively " **Seller's Indemnification Claims** " and each a " **Seller's Indemnification Claim** ").

19.2.Section 12.2 above and Section 12.3.4 above shall apply *mutatis mutandis* to any of Seller's Indemnification Claims.

19.3.A Seller's Indemnification Claim shall be time-barred (*verjährt*) twelve (12) months after Seller has been notified in writing of the respective claim or liability both stating the amount of the Seller's Indemnification Claim and the underlying facts (in reasonably sufficient detail) giving rise to a Seller's Indemnification Claim. Section 16.2 above shall apply *mutatis mutandis* .

19.4.As from the Closing Date Seller shall indemnify and hold harmless

19.4.1. the Companies from any claims and reasonable costs and expenses (including Taxes, reasonable legal fees, expenses and disbursements) arising out of or in connection with any claims brought by Seller or any of Seller's Affiliates or any of their successors or assignees against any of the Companies arising out of, or in connection with, any Non-Surviving Intra-Group Arrangement (other than claims not to be waived according

to Section 15.3 above);

19.4.2. the Target Company from any claims and reasonable costs and expenses (including Taxes, reasonable legal fees, expenses and disbursements) arising out of or in connection with any claims pursuant to Section 133 German Transformation Act (*UmwG*) with respect to any obligation or liability of, or allocated under the Corporate Reorganization to, Seller or REMA TIP TOP and brought against any Company;

19.4.3. the Target Company from any claims and reasonable costs and expenses (including Taxes, reasonable legal fees, expenses and disbursements) in excess of EUR 500,000 (in words: Euro five hundred thousand) arising out of or in connection with the action (*Klage*) brought by a certain Mr. Schober in the regional court of Munich I (*Landgericht München I*) docket no. (*Aktenzeichen*) 2 O 20774/16 against Seller and paid by the Target Company to Seller under the Litigation Agreement, taking into account any payments by Seller to the Target Company under the Litigation Agreement with respect to the action (*Klage*) brought by

Seller against Lothar and Christine Schubert in the regional court (*Landgericht*) of Marburg under docket no. (*Aktenzeichen*) 2 O 160/07;

(herein collectively " **Purchaser's Indemnification Claims** " and each a " **Purchaser's Indemnification Claim** "). Section 19.2 and Section 19.3 above

shall apply *mutatis mutandis* to any of Purchaser's Indemnification Claims.

20.Guarantor's Guarantee

Guarantor hereby unconditionally and irrevocably guarantees to Seller by means of an independent guarantee promise (*Garantieversprechen*) the full, due and timely performance of any payment obligations of Purchaser under or in connection with this Agreement, in particular the payment of the Total Purchase Price, the Break Fee and any Seller's Indemnification Claims, as well as under or in connection with any of the Ancillary Agreements, the Transitional Services Agreements and the License Agreement. Guarantor hereby waives any rights which it may have to require Seller to proceed first against, or claim payment from, Purchaser to the effect that as between Seller and Guarantor the latter shall be liable as principal debtor as if it had itself entered into the payment obligations under this Agreement, including, in particular, with respect to the Total Purchase Price, the Break Fee and any Seller's Indemnification Claims, jointly and severally (*gesamtschuldnerisch*) with Purchaser.

21.Restrictions of Announcement and Confidentiality

21.1.Each of the Parties undertakes that prior to the Closing Date it will not make, and will cause all of its respective Affiliates not to make, any announcement or press release in connection with this Agreement unless (i) required by applicable mandatory laws or stock exchange regulations or (ii) Seller and Purchaser have given their consent to such announcement or press release, including the form of such announcement, which consent may not be unreasonably withheld and may be

subject to conditions. If and to the extent any announcement, press release or disclosure of information regarding the subject matter of this Agreement is to be made under applicable mandatory laws or any applicable stock exchange regulations, the Party concerned shall, to the extent permissible under applicable laws or stock exchange regulations, not disclose any such information without first consulting with the other Parties and limit the disclosure to the minimum extent.

The Parties agree that Seller or any of Seller's Affiliates and Purchaser may, immediately following the execution of this Agreement, issue an announcement in agreed form.

21.2.The Parties expressly acknowledge and agree that this Agreement and its terms and all information, whether written or oral, furnished by either Party and/or any of its Affiliates to another Party and/or its Affiliates in connection with the preparation and negotiation of this Agreement and the due diligence conducted by Purchaser, any of its professional advisors, any Insurer and/or any finance providers in connection therewith (herein " **Confidential Information** ") shall be deemed to be confidential and shall be maintained by each Party and their respective Affiliates in strict confidence, it being understood that this shall also apply to any Confidential Information disclosed under Section 12.2 and/or Section 12.4 above or any provisions in this Agreement referring to Section 12.2 above. The Confidential Information to be maintained in confidence by Seller

shall after the Closing Date and for a period of three (3) years after the Closing Date also include any business and trade secrets or other reasonably sensitive information about the Material Companies, except if falling under Section 21.3 below, and Seller shall with respect to such information be deemed a "receiving Party" within the meaning of Section 21.3 below.

21.3.The receiving Party shall use the same degree of care as it uses with regard to its own confidential information to prevent disclosure, use or publication of the Confidential Information of the other Party. Confidential Information of the disclosing Party shall be held in strict confidence by the receiving Party unless the receiving Party is able to prove that the Confidential Information is or has been:

21.3.1.obtained legally and freely from a third party without any restrictions;

21.3.2. independently developed by the receiving Party at a prior time or in a separate and distinct manner without benefit of any of the Confidential Information of the disclosing Party, and documented to be as such;

21.3.3.made available by the disclosing Party for general release independent of the receiving Party;

21.3.4.made public as required by applicable laws, regulations, court proceedings or stock exchange regulations; or

21.3.5.within the public domain or later becomes part of the public domain as a result of acts by someone other than the receiving Party and through no fault or wrongful act of the receiving Party.

21.4.A receiving Party may disclose Confidential Information of a disclosing Party to directors, officers and employees of the receiving Party or agents of the receiving Party including their respective brokers, lenders, advisors or insurance carriers who have specifically agreed in writing to non-disclosure in accordance with the terms and conditions hereof, or are bound by comparable statutory confidentiality obligations, and who have a need to know such Confidential Information in connection with the transactions contemplated under this Agreement. Any disclosure of Confidential Information required by legal process pursuant to this Section 21 shall, to the extent legally permissible, only be made after providing the other Party with notice thereof in order to permit the other Party to seek an appropriate protective order or exemption. A violation by a Party or its agents of the foregoing provisions shall entitle the other Party, at its election, to obtain injunctive relief without a showing of irreparable harm or injury and without bond. The provisions of Section 21 shall survive and remain effective for a period of three (3) years after the Closing Date.

22.Notices

All notices and other communications under this Agreement, except as explicitly provided otherwise, shall be made in writing and shall be delivered or sent by registered mail, courier or e-mail (with explicit confirmation of receipt) to the addresses below or to such other addresses which may be specified by any Party to

the other Parties in the future in writing:

If to Seller:

Stahlgruber Otto Gruber AG
Attn: Management Board
Gruber Str. 65
85586 Poing
Germany
E-Mail: vorstand@stahlgruber.de

with a copy to:

Hengeler Mueller
Attn: Prof. Dr. Hans-Jörg Ziegenhain / Dr. Martin Ulbrich
Leopoldstr. 8-10
80802 Munich
Germany
E-Mail: hans-joerg.ziegenhain@hengeler.com / martin.ulbrich@hengeler.com

If to Purchaser or Guarantor:

LKQ Corporation
Attn. General Counsel
500 West Madison Street
Suite 2800
Chicago, Illinois 60661
USA
E-Mail: victorcasini@lkq.com

with a copy to:

Baker McKenzie
Attn: Dr. Florian Kästle
Bethmannstraße 50-54
60311 Frankfurt am Main

Germany
E-Mail: florian.kaestle@bakermckenzie.com

Purchaser and Guarantor hereby appoint and authorize Dr. Florian Kästle, Bethmannstraße 50-54, 60311 Frankfurt am Main, Germany as agent for service of process for all legal proceedings involving Purchaser and Guarantor arising out of or in connection with this Agreement. Such service shall be deemed completed upon delivery to such agent (whether or not it is forwarded to and received by Purchaser and/or Guarantor, as the case may be). A revocation of such appointment shall only be valid if made by Purchaser and Guarantor jointly and if upon such revocation a new agent with service address in Germany is appointed and authorized.

23.Costs, Expenses, Fees, Charges and VAT Treatment

23.1.Save as otherwise set forth in Section 23.2 below, all costs, expenses, fees and charges in connection with the transactions contemplated under this Agreement, including legal services, shall be borne by the Party commissioning the respective costs, expenses, fees and charges.

23.2.The notarial fees incurred in connection with this Agreement and all transfer taxes (including real estate transfer taxes, and any indirect taxes, if applicable) and stamp duties resulting from this Agreement and the transactions contemplated under this Agreement and all official fees charged by governmental authorities in connection with the Antitrust Clearances shall be borne by Purchaser.

23.3.The considerations set forth in this Agreement regarding the transactions

contemplated under this Agreement shall be net amounts excluding any amount in respect of value added tax (*Umsatzsteuer*) (herein " **VAT** "). It is the Parties' mutual understanding that all transactions contemplated under this Agreement are either not taxable (*nichtumsatzsteuerbar*) or exempt from VAT (*umsatzsteuerfrei*), and no Party shall waive any exemption from VAT pursuant to Section 9 German Value Added Tax Act (*UStG*) or a similar provision under foreign VAT laws. If and to the extent, contrary to the mutual understanding of the Parties, VAT applies in respect of any supply of goods or services by any of the Parties under this Agreement, an amount in respect of such VAT shall be paid by the respective recipient of such supply in addition to the amount agreed by the Parties to be paid for such supply, provided that the reverse charge provisions according to which the recipient owes VAT do not apply and the respective supplier has not waived the relevant exemption from VAT pursuant to Section 9 German Value Added Tax Act (*UStG*) or a similar provision under foreign VAT laws. Such amount in respect of VAT shall be due and payable as soon as the recipient of the relevant supply has received from the relevant supplier an invoice which complies with the provisions of Sections 14 and 14a German Value Added Tax Act (*UStG*) or similar provisions under foreign VAT laws.

24.Entire Agreement and Interpretation

24.1.This Agreement, including the Ancillary Agreements, the Exhibits and Disclosure Schedules, comprises the entire agreement between the Parties concerning the subject matter hereof and supersede and replace all oral and written declarations of intention made by the Parties in connection with the contractual negotiations.

Changes or amendments to this Agreement (including this Section 24.1) must be made in writing by the Parties or in any other legally required stricter form.

24.2.In this Agreement, the headings are inserted for convenience only and shall not affect the interpretation of this Agreement; where a German term has been inserted in quotation marks and/or italics it alone (and not the English term to which it relates) shall be authoritative for the purpose of the interpretation of the relevant English term in this Agreement, provided that where jurisdictions other than Germany are concerned, the relevant German term in quotation marks and/or italics alone (and not the English term to which it relates) shall be authoritative for determining the relevant term or legal concept under the laws of the relevant jurisdiction which comes as close as possible to the relevant German term or legal concept.

24.3.Any times of day referred to in this Agreement shall be interpreted as Central European Time (CET).

25.No Third Party Rights and Procurement Obligation

25.1.This Agreement shall not grant any rights to, and is not intended to operate for the benefit of, third parties unless otherwise explicitly provided for herein. Wherever under this Agreement any party other than Purchaser is to be indemnified by Seller, such other party, in particular the Companies, shall not be entitled to bring any claims for indemnification against Seller (*kein echter Vertrag zugunsten Dritter*).

25.2.To the extent that this Agreement implies to impose any obligations on a person which is not a Party to this Agreement, such clause shall be interpreted as an obligation of the Parties to use their respective reasonable efforts to cause such person to act as contemplated under this Agreement, provided, however, that, should the person concerned be an Affiliate of a Party, such Party shall procure (*steht dafür ein*) that the person concerned acts as contemplated under this Agreement.

25.3.For the sake of clarity, the Parties confirm their understanding that any debt financing sources of Purchaser (other than any Affiliates of Purchaser) shall not have any liability to the Seller, any Seller-Related Party, the Companies or any of their Affiliates relating to or arising out of this Agreement or the debt financing or any related agreements or the transactions contemplated hereby.

26.No Assignment and No Set-off Rights

26.1.Unless otherwise explicitly provided for in this Agreement, no Party shall be entitled to assign any rights or claims under this Agreement without the written consent of the other Parties. The foregoing shall not apply to any rights or claims (i) assigned by Purchaser as security (*sicherungsabgetreten*) to Wells Fargo Bank, National Association, as administrative agent on behalf of itself and the other lenders party to the Guarantor's credit facility or (ii) subrogated in accordance with clause 9 of the terms of the W&I Insurance attached as Exhibit 12.8, in each case

provided that Purchaser remains exclusively responsible for and entitled to the enforcement of the relevant rights or claims.

26.2.Unless otherwise explicitly provided for in this Agreement, no Party shall be entitled (i) to set-off (*aufrechnen*) any rights and claims it may have under this Agreement against any rights or claims any other Party may have under this Agreement, or (ii) to refuse to perform any obligation it may have under this Agreement on the grounds that it has a right of retention (*Zurückbehaltungsrecht*), unless the rights or claims of the relevant Party claiming a right of set-off (*Aufrechnung*) or retention (*Zurückbehaltung*) have been acknowledged (*anerkannt*) in writing by the relevant other Party or have been confirmed by final decision of a competent court (*Gericht*) or arbitral tribunal (*Schiedsgericht*).

27. Interest and Calculation of Daily Cash Amounts

Interest payable under any provision of this Agreement shall be calculated on the basis of actual days elapsed divided by 360 (in words: three hundred and sixty) and the Daily Cash Amount, the Increased Daily Cash Amount I and the Increased Daily Cash Amount II shall be paid for thirty (30) days per calendar month and three hundred sixty (360) days per calendar year.

28.Governing Law and Dispute Resolution

28.1.This Agreement shall be governed by, and construed in accordance with, the laws of Germany (excluding conflict of laws rules).

28.2.All disputes arising under or in connection with this Agreement (including any

disputes in connection with its validity) shall be exclusively and finally settled by

three (3) arbitrators in accordance with the Arbitration Rules of the German Institution of Arbitration e.V. (*DIS*), including the Supplementary Rules for Expedited Proceedings, as applicable from time to time without recourse to the ordinary courts of law. The place of the arbitration shall be Munich. The language of the arbitral proceedings shall be English. Documents in the German language do not have to be translated into the English language. In the event that mandatory applicable law requires any matter arising from or in connection with this Agreement or its consummation to be decided upon by a court of law (*staatliches Gericht*), the competent courts in and for Munich shall have the exclusive jurisdiction.

29. Invalid Provisions and Unintended Gaps (***Salvatorische Klausel*** **)**

29.1.In the event that one or more provisions of this Agreement shall, or shall be deemed to, be invalid or unenforceable, the validity and enforceability of the other provisions of this Agreement shall not be affected thereby. In such case, the Parties agree to recognize and give effect to such valid and enforceable provision or provisions, which correspond as closely as possible with the commercial intent of the Parties.

29.2.The same shall apply in the event that this Agreement (including the Exhibits) and/or the Ancillary Agreements contain any unintended gaps (*unbeabsichtigte Vertragslücken*).

29.3.It is the Parties' express intention that this Section 29 shall not only operate as a mere reversal of the burden of proof, but to maintain the validity of the remaining

provisions of this Agreement to the fullest extent permissible, thus, to exclude the applicability of Section 139 German Civil Code (*BGB*) in its entirety.

* * *

Exhibit 12.1

LKQ CORPORATION AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
(In thousands, except ratios)
(Unaudited)

	Year Ended December 31,				
	2013	2014	2015	2016	2017
Income from continuing operations before provision for income taxes	$ 475,827	$ 587,888	$ 649,030	$ 677,281	$ 766,627
Fixed charges	100,190	124,670	124,739	176,414	201,246
Amortization of capitalized interest, net of interest capitalized	56	(50)	64	(423)	141
Distributed income of unconsolidated subsidiaries	—	—	—	—	7,549
Earnings available for fixed charges	$ 576,073	$ 712,508	$ 773,833	$ 853,272	$ 975,563
Fixed charges:					
Interest expense, including amortization of debt issuance costs	$ 51,184	$ 64,542	$ 57,860	$ 88,263	$ 101,640
Capitalized interest	130	264	166	824	318
Portion of rental expense representative of interest	48,876	59,864	66,713	87,327	99,288
Total fixed charges	$ 100,190	$ 124,670	$ 124,739	$ 176,414	$ 201,246
Ratio of earnings to fixed charges	5.7	5.7	6.2	4.8	4.8

Exhibit 21.1

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of December 31, 2017)

Subsidiary	Jurisdiction	Assumed Names
U.S. Enitites		
A&A Auto Parts Stores, Inc.	Pennsylvania	
AeroVision Aircraft Services, LLC	Michigan	
AeroVision Engine Services, LLC	Michigan	
AeroVision International, LLC	Michigan	
AIM Recycling Florida, LLC (50.01% stake)	Delaware	AIM Recycling West Palm; AIM Recycling Medley; AIM Recycling Davie
Akron Airport Properties, Inc.	Ohio	
American Recycling International, Inc.	California	Pick A Part Auto Dismantling
A-Reliable Auto Parts & Wreckers, Inc.	Illinois	LKQ Self Service Auto Parts-Rockford; LKQ Heavy Duty Truck ARSCO; LKQ Heavy Duty Truck Core; LKQ Pick Your Part Rockford
Arrow Speed Acquisition LLC	Delaware	
AutoTech Fund I L.P. ([6-14%] stake)	Delaware	
AVI Sales and Leasing Services, LLC	Michigan	
AVI Inventory Services, LLC	Michigan	AeroVision Component Services
DriverFx.com, Inc.	Delaware	
Global Powertrain Systems, LLC	Delaware	
Goodmark Motors, LLC (49.9% stake)	Delaware	
Greenleaf Auto Recyclers, LLC	Delaware	Saturn Wheel Company; Heartland Aluminum; Profromance Powertrain; LKQ Heavy Duty Truck-Carolina; Potomac German Mid-Atlantic; Greenleaf Quality Recycled Auto Parts; LKQ West Florida; LKQ North Florida
KAIR IL, LLC	Illinois	
KAO Logistics, Inc	Pennsylvania	
KAO Warehouse, Inc.	Delaware	
Keystone Automotive Industries, Inc.	California	Transwheel, Coast to Coast International; LKQ of Cleveland; Keystone Automotive-San Francisco Bay Area; Chrome Enhancements
Keystone Automotive Operations, Inc.	Pennsylvania	
Keystone Automotive Operations of Canada, Inc.	Delaware	
KPGW Canadian Holdco, LLC	Delaware	
Lakefront Capital Holdings, LLC	California	
LKQ 1st Choice Auto Parts, LLC	Oklahoma	
LKQ 250 Auto, Inc.	Ohio	
LKQ All Models Corp.	Arizona	Wholesale Auto Recyclers; Cars 'n More; LKQ of Arizona
LKQ Apex Auto Parts, Inc.	Oklahoma	LKQ Self Service Auto Parts - Oklahoma City
LKQ Auto Parts of Central California, Inc.	California	LKQ Valley Truck Parts; LKQ Specialized Auto Parts; LKQ ACME Truck Parts; All Engine Distributing
LKQ Auto Parts of Memphis, Inc.	Arkansas	LKQ of Tennessee; LKQ Preferred
LKQ Auto Parts of North Texas, Inc.	Delaware	
LKQ Auto Parts of North Texas, L.P.	Delaware	LKQ Auto Parts of Central Texas; LKQ Self Service Auto Parts-Austin
LKQ Auto Parts of Utah, LLC	Utah	

Subsidiary	Jurisdiction	Assumed Names
LKQ Best Automotive Corp.	Delaware	LKQ Auto Parts of South Texas; A-1 Auto Salvage Pick & Pull; The Engine & Transmission Store; LKQ Automotive Core Services; LKQ International Sales; LKQ of El Paso
LKQ Brad's Auto & Truck Parts, Inc.	Oregon	
LKQ Broadway Auto Parts, Inc.	New York	LKQ Buffalo; LKQ Self Service Auto Parts-Buffalo
LKQ Corporation	Delaware	
LKQ Delaware LLP	Delaware	
LKQ Foster Auto Parts Salem, Inc.	Oregon	Foster Auto Parts Salem
LKQ Foster Auto Parts Westside LLC	Oregon	
LKQ Foster Auto Parts, Inc.	Oregon	LKQ U-Pull-It Auto Wrecking; U-Pull-It Auto Wrecking; LKQ Barger Auto Parts; LKQ KC Truck Parts-Inland Empire; LKQ KC Truck Parts-Western Washington; LKQ KC Truck Parts-Montana; LKQ Wholesale Truck Parts; LKQ of Eastern Idaho
LKQ Gorham Auto Parts Corp.	Maine	
LKQ Great Lakes Corp.	Indiana	LKQ Star Auto Parts; LKQ Chicago; LKQ Self Service Auto Parts-Milwaukee
LKQ Heavy Truck-Texas Best Diesel, L.P.	Texas	LKQ Fleet Solutions
LKQ Hunts Point Auto Parts Corp.	New York	Partsland USA; LKQ Auto Parts of Eastern Pennsylvania; LKQ Auto Parts
LKQ Investments, Inc.	Delaware	
LKQ Lakenor Auto & Truck Salvage, Inc.	California	LKQ of Southern California; LKQ of Las Vegas; LKQ Parts Outlet-Los Angeles
LKQ Metro, Inc.	Illinois	
LKQ Mid-America Auto Parts, Inc.	Kansas	Mabry Auto Salvage; LKQ of Oklahoma City; LKQ of NW Arkansas; LKQ Heavy Duty Truck-Kansas; LKQ Four States
LKQ Midwest Auto Parts Corp.	Nebraska	Midwest Foreign Auto; LKQ Midwest Auto; LKQ Auto Parts of Lincoln
LKQ Minnesota, Inc.	Minnesota	LKQ Albert Lea
LKQ of Indiana, Inc.	Indiana	LKQ Self Service Auto Parts-South Bend; LKQ Kentuckiana
LKQ of Michigan, Inc.	Michigan	
LKQ of Nevada, Inc.	Nevada	
LKQ Northeast, Inc.	Delaware	LKQ Thruway Auto Parts; LKQ Venice Auto Parts; LKQ Triple Nickel Trucks
LKQ Online Corp.	Delaware	
LKQ PGW Holdings, LLC	Delaware	
LKQ Pick Your Part Southeast, LLC	Delaware	LKQ Self Service Auto Parts-Orlando; LKQ Pick Your Part
LKQ Receivables Finance Company, LLC	Delaware	
LKQ Route 16 Used Auto Parts, Inc.	Massachusetts	Diversified Marketing Solutions; LKQ Pick Your Part; LKQ Car World Auto Parts
LKQ Self Service Auto Parts-Holland, Inc.	Michigan	LKQ Pick Your Part
LKQ Self Service Auto Parts-Kalamazoo, Inc.	Michigan	LKQ Self Service Auto Parts-Grand Rapids; LKQ Pick Your Part
LKQ Self Service Auto Parts-Tulsa, Inc.	Oklahoma	LKQ Pick Your Part
LKQ Smart Parts, Inc.	Delaware	LKQ Viking Auto Salvage

Subsidiary	**Jurisdiction**	**Assumed Names**
LKQ Southeast, Inc.	Delaware	LKQ Fort Myers; LKQ Heavy Truck-Tampa; LKQ Pick Your Part; LKQ Gulf Coast; LKQ Plunks Truck Parts & Equipment - West Monroe; LKQ of Carolina; LKQ Richmond; LKQ East Carolina; LKQ Self Service East NC ; LKQ Self Service Auto Parts-Charlotte; LKQ Pick Your Part; LKQ Heavy Duty Truck Charlotte
LKQ Southwick LLC	Massachusetts	
LKQ Taiwan Holding Company	Illinois	
LKQ Tire & Recycling, Inc.	Delaware	
LKQ Trading Company	Delaware	
LKQ TriplettASAP, Inc.	Ohio	LKQ Heavy Truck-Goody's; LKQ Pittsburgh; LKQ Pick Your Part; Cockrell's Auto Parts
LKQ U-Pull-It Auto Damascus, Inc.	Oregon	LKQ U-Pull-It Damascus
LKQ U-Pull-It Tigard, Inc.	Oregon	
LKQ West Michigan Auto Parts, Inc.	Michigan	
MSN145056, LLC	Michigan	
North American ATK Corporation	California	
PGW Auto Glass, LLC	Delaware	
Pick-Your-Part Auto Wrecking	California	LKQ Pick A Part-San Bernardino; LKQ Midnight Auto & Truck Recyclers; LKQ Pick A Part-Hesperia; LKQ Desert High Truck & Auto Recyclers; LKQ Pick A Part-Riverside; LKQ Hillside Truck & Auto Recyclers; LKQ Pick Your Part Chicago Heights
Potomac German Auto, Inc.	Maryland	LKQ Norfolk; LKQ Heavy Truck-Maryland
Pull-N-Save Auto Parts, LLC	Colorado	LKQ Pull-N-Save Auto Parts of Aurora LLC; LKQ of Colorado; LKQ Self Service Auto Parts-Denver; LKQ Western Truck Parts
Redding Auto Center, Inc.	California	LKQ Auto Parts of Northern California; LKQ Reno; LKQ Specialized Parts Planet; LKQ ACME Truck Parts; LKQ Auto Sales of Rancho Cordova
Rydell Motor Company, LLC (1% stake)	Iowa	
Scrap Processors, LLC	Illinois	
U-Pull-It, Inc.	Illinois	LKQ PickYour Part Blue Island
U-Pull-It, North, LLC	Illinois	LKQ Pick Your Part
Warn Industries, Inc.	Delaware	

Subsidiary	Jurisdiction	Assumed Names
Foreign Entities		
1323352 Alberta ULC	Alberta	
1323410 Alberta ULC	Alberta	
2015 Automaterialen B.V.	Netherlands	
Abiussi BVBA	Belgium	
Ageres B.V.	Netherlands	
Alconed B.V. (subsidary of Intermotor B.V. JV)	Netherlands	
Andrew Page 1917 Limited	England & Wales	
AP Logistics Belgie NV	Belgium	
AP Logistics B.V.	Netherlands	
APS B.V.	Netherlands	
APS Autobanden B.V. (50% stake)	Netherlands	
Arleigh Group Limited	England & Wales	
Arleigh International Limited	England & Wales	
A.S.A.P. Supplies Limited	England & Wales	
ATR GmbH (10% stake)	Germany	
Atracco AB	Sweden	
Atracco AS	Norway	
Atracco Auto AB	Sweden	
Atracco Group AB	Sweden	
Autobedrijf DeJonghe en Co NV	Belgium	
Auto Electra Naaldwijk B.V.	Netherlands	
Autodistibution Polska sp.z.o.o.	Poland	
Auto Kelly a.s.	Czech Republic	
Auto Kelly Bulgaria EOOD	Bulgaria	
Auto Kelly Slovakia s.r.o.	Slovakia	
Automotive Data Services Limited	England & Wales	
Auto-Onderdelen Centrale Middelburg B.V.	Netherlands	
Autosport Willy SA	Belgium	
Autostop Leuven NV	Belgium	
Autoparts Prosec BV	Netherlands	
Autoparts Prosec NV	Belgium	
Auto Wessel B.V.	Netherlands	
Auto Wessel Naarden B.V.	Netherlands	
AVC Tyre Recycling Ltd. (33.33% stake)	England & Wales	
Bertolotti S.p.A.	Italy	
Bildemontering i Helsingborg AV	Sweden	
Blue Moose Holdings Ltd.	England & Wales	

Subsidiary	Jurisdiction	Assumed Names
B.S.F. Distribution SPRL	Belgium	
BVG Hold SPRL	Belgium	
Car Parts 4 Less Limited	England & Wales	
Car Systems B.V.	Netherlands	
Cartal Rijsbergen Automotive B.V.	Netherlands	
Centrauto Pieces SPRL	Belgium	
Centro Ricambi Rhiag S.r.l.	Italy	
Commercial Parts UK Holdco Limited (25% stake)	England & Wales	
Cruiser B.V.	Netherlands	
DCM Tools NV	Belgium	
De Bruyn Professional Coatings NV	Belgium	
Digraph Transport Supplies Limited (subsidiary of Commercial Parts UK Holdco Limited JV)	England & Wales	
Distribuidora Hermanos Copher Internacional, SA	Guatemala	
ECP France SAS	France	
ELIT CZ, Spol s.r.o.	Czech Republic	
Elit Group Ltd.	Switzerland	
ELIT PL sp.zo.o.	Poland	
ELIT Slovakia s.r.o.	Slovakia	
ELIT Ukraine LLC	Ukraine	
Era S.p.A.	Italy	
Euro Car Parts Ireland Limited	Ireland	
Euro Car Parts Limited	England & Wales	
Euro Car Parts Nordic AB	Sweden	
Euro Car Parts (Northern Ireland) Limited	Northern Ireland	
Euro Garage Solutions Ltd	England & Wales	
Fastighetsaktiebolaget Pistolvagen 4	Sweden	
GDR NV	Belgium	
Harrems Tools B.V.	Netherlands	
Harrems Tools N.V.	Belgium	
Hartsant Crash Repair Bvba	Belgium	
Havam Automotive B.V.	Netherlands	
Heijl Automotive B.V.	Netherlands	
Henrard SA	Belgium	
Heuts Beheer B.V.	Netherlands	
Heuts DHZ B.V.	Netherlands	
Heuts Handel B.V.	Netherlands	
Heuts Tilburg B.V.	Netherlands	
HF Services B.V.	Netherlands	
HF Services Bvba	Belgium	
International Engines Ltd. (subsidary of Intermotor B.V. JV)	England & Wales	

Subsidiary	Jurisdiction	Assumed Names
Intermotor B.V. (50% stake)	Netherlands	
IPAR Industrial Partners B.V.	Netherlands	
inSiamo Scarl (24.54% stake)	Italy	
Karkraft (N.I.) Limited	Northern Ireland	
Keystone Automotive de Mexico, Sociedad de Responsabilidad Limitada de Capital Variable	Mexico	
Keystone Automotive Industries ON, Inc.	Canada (Federal)	
Keystone Automotive Operations (India) Pvt. Ltd.	India	
Kuhne Nederland B.V.	Netherlands	
Láng Kft.	Hungary	
LKQ Canada Auto Parts Inc.	Canada (Federal)	
LKQ Euro Limited	Ireland	
LKQ Euro Limited	England & Wales	
LKQ European Holdings B.V.	Netherlands	
LKQ German Holdings GmbH	Germany	
LKQ Italia S.r.l.	Italy	
LKQ Italia Bondco S.p.A.	Italy	
LKQ Jersey Finance 1 Ltd.	Jersey	
LKQ Jersey Finance 2 Ltd.	Jersey	
LKQ Netherlands B.V.	Netherlands	
LKQ Ontario LP	Ontario	
Marine Mart Limited	England & Wales	
Markesdemo AB (2.85% stake)	Sweden	
Mekonomen AB (26.5% stake)	Sweden	
Messmer GmbH	Germany	
Midland Chandlers Limited	England & Wales	
Motorparts S.p.A.	Italy	
MotorXchange S.A.R.L. (subsidary of Intermotor B.V. JV)	France	
Nipparts B.V.	Netherlands	
Nipparts Deutschland GmbH	Germany	
Nova Leisure Limited	England & Wales	
NPR Auto Trading Limited	Ireland	
NTP/Stag Canada Inc.	Canada (Federal)	
Nya Christianstads Billackering AB	Sweden	
Obdo Forvaltning AB	Sweden	
Orebro Bidemontering AB	Sweden	
Ottomate BVBA	Belgium	
Pala Holding, B.V.	Netherlands	
PGW Auto Glass, ULC	Nova Scotia	
Pika Autoteile GmbH	Germany	

Subsidiary	Jurisdiction	Assumed Names
Primaparts Automaterialen B.V.	Netherlands	
Prosec Carpartes BVBA	Belgium	
PVG Hold BVBA	Belgium	
Recopart AB	Sweden	
Rhiag Engineering S.p.A.	Italy	
Rhiag Group Ltd.	Switzerland	
Rhiag-Inter Auto Parts Italia S.p.A.	Italy	
Rhiag Services Slovakia s.r.o.	Slovakia	
Rhino BidCo S.p.A.	Italy	
Rijsbergen CarTAL Beheer B.V.	Netherlands	
Rox Auto SA	Belgium	
Sator Central Services B.V.	Netherlands	
Sator Holding B.V.	Netherlands	
S.C. ELIT Romania S.r.l.	Romania	
Schaftenaar B.V.	Netherlands	
Sergoyne Car-Parts BVBA	Belgium	
Signalen AB	Sweden	
SiM Impex d.o.o.	Bosnia and Herzegovina	
Slager Automaterialen B.V.	Netherlands	
Stiching Autofirst Nederland B.V. (66.67% stake)	Netherlands	
Styl'Auto Pieces SAS	France	
Thomassons.nu Grupp AB	Sweden	
Tielman Automaterialen B.V.	Netherlands	
Topocar SPRL	Belgium	
Troms Bildelsenter AS	Norway	
Upplands Bildemontering AB	Sweden	
Van Heck & Co. B.V.	Netherlands	
Van Heck Interpieces N.V.	Belgium	
Van Heck Vastgoed B.V.	Netherlands	
Vaxjo Lackcenter AB	Sweden	
VEAM B.V.	Netherlands	
VEGE Benelux B.V. (subsidary of Intermotor B.V. JV)	Netherlands	
VEGECOM S.A.R.L. (subsidary of Intermotor B.V. JV)	Tunisia	
Vége de Mexico S.A. de C.V.	Mexico	
VEGE France S.a.S. (subsidary of Intermotor B.V. JV)	France	
VEGE Italia S.r.l. (subsidary of Intermotor B.V. JV)	Italy	
VEGE Moteurs S.A. (subsidary of Intermotor B.V. JV)	Tunisia	
Vege-Motodis S.A. de C.V.	Mexico	
VEGE-Motoren GmbH (subsidary of Intermotor B.V. JV)	Germany	
Vege-Motoren Iberica S.L. (subsidary of Intermotor B.V. JV)	Spain	

Subsidiary	Jurisdiction	Assumed Names
VEGE Motorer Norden AB (subsidary of Intermotor B.V. JV)	Sweden	
Vhip Fr SAS	France	
Widells Bilplat Eftr AB	Sweden	
WJCM de Mexico, Sociedad de Responsabilidad Limitada de Capital Variable	Mexico	

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-110149, 333-128151, and 333-174450 on Form S-8, Registration Statement No. 333-205562 on Form S-3, and Registration Statement Nos. 333-193585, 333-133911 and 333-160395 on Form S-4 of our reports dated February 27, 2018 , relating to the consolidated financial statements and financial statement schedule of LKQ Corporation and subsidiaries, and the effectiveness of LKQ Corporation and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of LKQ Corporation for the year ended December 31, 2017 .

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 27, 2018

Exhibit 31.1

CERTIFICATION

I, Dominick Zarcone, certify that:

1. I have reviewed this annual report on Form 10-K of LKQ Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 27, 2018

/s/ DOMINICK ZARCONE

Dominick Zarcone
President and Chief Executive Officer

CERTIFICATION

I, Varun Laroyia, certify that:

1. I have reviewed this annual report on Form 10-K of LKQ Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 27, 2018

/ S / VARUN LAROYIA

Varun Laroyia
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of LKQ Corporation (the “Company”) on Form 10-K for the fiscal year ended December 31, 2017 , as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, as President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 27, 2018

/ S / DOMINICK ZARCONE

Dominick Zarcone
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of LKQ Corporation (the "Company") on Form 10-K for the fiscal year ended December 31, 2017 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, as Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 27, 2018

/ S / VARUN LAROYIA

Varun Laroyia

Executive Vice President and Chief Financial Officer