

# LKQ CORPORATION

## AUDIT COMMITTEE CHARTER

(adopted on September 10, 2003; amended May 5, 2008;  
March 5, 2012; March 4, 2013; and May 5, 2014)

### I. Purpose

The Audit Committee (the “Audit Committee”) of LKQ Corporation (the “Company”) is appointed by the Board of Directors (the “Board”) to oversee the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements. To do this, the Audit Committee will review: (i) the integrity of the Company’s financial statements, (ii) the independent auditor’s qualifications and independence, (iii) the performance of the Company’s system of internal audit function and the independent auditor, and (iv) the Company’s compliance with laws, regulations, and the Company’s Code of Ethics (the “Ethics Code”). The Audit Committee shall also prepare the Audit Committee report to be included in the Company’s annual proxy statement.

### II. Compliance Obligation

In the course of performing the goals and responsibilities set forth in this Audit Committee Charter (the “Charter”), the Audit Committee shall oversee compliance with the rules and regulations promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended, the Statements on Auditing Standards issued by the American Institute of Certified Public Accountants and the applicable requirements of the NASDAQ Stock Market, Inc. (“NASDAQ”). While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the Audit Committee’s duty to plan or conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. This is the responsibility of management.

### III. Membership

The Audit Committee shall be comprised of no less than three independent directors who satisfy the independence and experience requirements of the Sarbanes-Oxley Act of 2002, the Securities Exchange Act of 1934 and the SEC rules adopted thereunder (collectively, “SOX”) and NASDAQ. Accordingly, an Audit Committee member may not have a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and must comply with the limitations imposed on ownership of the Company’s voting securities and payments to committee members and their family members.

Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Audit Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Audit

Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication.

The members of the Audit Committee shall be appointed by the Board based on recommendations from the Governance/Nominating Committee of the Board. The members of the Audit Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death.

#### **IV. Meetings**

The Audit Committee shall meet at least four times annually, including prior to the filing of an audit report with the SEC pursuant to applicable securities laws, or more frequently as circumstances dictate. As part of its oversight function, the Audit Committee shall meet regularly with management, the internal auditor and the independent auditor in separate executive sessions to review the Company’s financial statements and to discuss any matters that the Audit Committee or any of these groups believe should be discussed.

#### **V. Authority**

The Audit Committee shall have the resources and authority necessary to discharge its duties and responsibilities. The Audit Committee has sole authority to retain and terminate outside counsel or other experts or consultants, as it deems appropriate, including sole authority to approve the firm’s fees and other retention terms. The Company will provide the Audit Committee with appropriate funding, as the Audit Committee determines, for the payment of compensation to the Company’s independent auditor, outside counsel, and other advisors as it deems appropriate, and administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention. The Audit Committee will have access to the Company’s books, records, facilities, and personnel.

The Audit Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Audit Committee.

#### **VI. Responsibilities and Duties**

The Audit Committee shall:

##### **A. Audit Committee Charter/Report**

1. Review and reassess the Audit Committee charter as conditions dictate, but no less frequently than annually, and request the Board to revise the charter, as necessary.

##### **B. Independent Auditor**

2. Have sole authority to appoint, retain, discharge and replace the independent auditor, subject to shareholder ratification, when applicable.

3. Review the performance of and approve the fees and other compensation to be paid to the independent auditor.
4. Establish a clear understanding with management and the independent auditor that the independent auditor is directly accountable to the Audit Committee.
5. Select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
6. Preapprove all audit and permissible non-auditing services to be provided by the independent auditor (subject to a de minimis exception under SOX), review the independent auditor's proposed audit scope and approach, and disclose all non-auditing services and all reportable fees paid to the independent auditor to investors in periodic reports filed with the SEC.
7. Review and evaluate the lead audit partner of the independent auditor and require that the independent auditor rotate all "audit partners" (as defined by the SEC under SOX) in accordance with SOX.
8. Obtain and review the independent auditor's report on all relationships between the independent auditor and the Company, consistent with applicable requirements of the Public Company Accounting Oversight Board, to assess the auditor's independence and consider whether there should be a regular rotation of the independent auditor to assure continuing auditor independence.
9. Discuss with management and the independent auditor the Company's annual and quarterly earnings releases and financial statements, the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any other financial information as requested by management.
10. Recommend to the Board that the audited financial statements and the MD&A section be included in the Company's Form 10-K and approve the audit committee report required to be included in the Company's proxy statement.
11. Obtain and review the independent auditor's reports describing (i) the Company's critical accounting policies and practices to be used in the audit, (ii) the details of all alternative treatments of financial information within generally accepted accounting principles discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditor, and (iii) all material written communications between the independent auditor and management.
12. At least annually, obtain and review a report by the independent auditor describing the firm's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues.

13. Engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor.
14. Review with the independent auditor any audit problems or difficulties and management's response.
15. Resolve disagreements between Company management and the independent auditor regarding financial reporting.
16. Consult and discuss with the independent auditor regarding internal controls, the fullness and accuracy of the Company's financial statements and the matters required to be discussed by the applicable rules issued by the Public Company Accounting Oversight Board.
17. Require that the independent auditor inform the Audit Committee of any fraud, illegal acts or deficiencies in internal controls.
18. Establish clear policies with respect to the hiring of employees or former employees of the independent auditor who were engaged on the Company's account.

**C. Internal Auditors and Management**

19. Review and approve the internal audit plan at least annually.
20. The Company's internal audit department shall be managed by an internal auditor who shall report directly to the Audit Committee. The Audit Committee shall review the activities of the internal audit department and have authority over the appointment, dismissal and compensation of the internal auditor.

**D. Financial Reporting and Risk Control**

21. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements and consider their impact on the financial statements.
22. In consultation with the independent auditor and the internal auditor, review the integrity of the Company's financial reporting processes, both internal and external.
23. Consider the independent auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
24. Discuss policies with respect to risk assessment and risk management with management and the independent auditor.
25. Establish regular and separate quarterly systems of reporting to the Audit Committee by management, the independent auditor and the internal auditor to review the financial statements and to discuss significant judgments made in preparation of the financial statements and the view of each as to the appropriateness of such judgments.
26. Review and discuss with management and the independent auditor the Company's annual

and interim financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles.

27. Review and approve all material transactions, or series of transactions, that are required to be disclosed pursuant to Item 404 of SEC Regulation S-K.
28. Review with management and the independent auditor the accounting treatment accorded significant transactions, any significant accounting issues, the development, selection and disclosure of critical accounting estimates, regulatory and accounting initiatives, off-balance sheet structures, and the Company's use of reserves and accruals.
29. Investigate complex and/or unusual transactions such as restructuring charges and derivative disclosures.
30. Following completion of the annual audit, review separately with each of management, the independent auditor and any internal auditing department any audit problems or difficulties encountered during the course of the audit, management's response to such problems, any restrictions on the scope of work or access to required information, and any significant disagreement among management and the independent auditor or any internal auditing department in connection with the preparation of the financial statements.
31. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, management or any internal auditing department.
32. Review with the independent auditor, any internal auditing department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented by management.

#### **E. Ethical and Legal Compliance**

33. Ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements and the Ethics Code.
34. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
35. Review any evidence of material violations of securities law, breach of fiduciary duty or similar violation by the Company or any Company agent disclosed to it by the Company's counsel, determine if any remedial action is required and implement such remedial action, if necessary.
36. Review legal compliance matters with the Company's counsel, including any legal matter that could have a significant impact on the Company's financial statements.

37. Review and ensure that disclosures regarding exemption from audit committee requirements appear in, or are incorporated by reference into, annual reports filed with the SEC.
38. Report regularly to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, and the performance of any internal audit function.
39. Undergo an annual performance evaluation.
40. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.