

# **LKQ Corporation**

## **Stock Ownership Guidelines**

### **for**

## **Non-Employee Directors**

### **Purpose**

The Board of Directors (the “Board”) of LKQ Corporation (“LKQ”) believes that it is in the best interest of LKQ and its stockholders to further align the financial interests of the non-employee members of the Board with those of our stockholders. In addition, the Board believes that the investment community values stock ownership by Board members and that stock ownership demonstrates a commitment and belief in the long-term profitability of LKQ.

### **Ownership Guidelines**

Accordingly, the Board has determined that each non-employee member of the Board is expected to hold at least the number of shares of LKQ common stock with a market value equal to five times the annual cash retainer paid to such director.

### **Compliance Matters**

Individuals who are subject to these stock ownership guidelines are expected to achieve the applicable ownership guideline within five years after first becoming subject to the guidelines.

Each year on April 1, the number of shares expected to be owned by each officer will be calculated based on the current annual cash retainer and the average of the closing sale price of LKQ common stock as reported on Nasdaq for the immediately preceding 20 trading days. In the event that the minimum ownership level is not attained by a non-employee director, such non-employee director must retain 50% of “Net Shares” until the minimum ownership level is attained. Net Shares means the shares of LKQ common stock received upon vesting, earn-out or exercise of any equity-based award of such non-employee director less “Shares for Taxes.” Shares for Taxes means, regardless of whether the share withholding actually occurs, (a) the amount of taxes on income realized by the non-employee director as a result of the vesting, earn-out or exercise (using an assumed aggregate tax rate of 40%), divided by (b) the closing price of LKQ common stock on the vesting, earn-out or exercise date.

There may be instances in which the stock ownership guidelines would place a severe hardship on a participant or prevent a participant from complying with a court order, such as a divorce settlement. In these instances, the participant must submit a request in writing to the Governance/Nominating Committee that summarizes the circumstances and describes the extent to which an exemption is being requested. The Governance/Nominating Committee will make the final decision as to whether an exemption will be granted. If such a request is granted in whole or part, the Governance/Nominating Committee will work with the participant to develop an alternative stock ownership plan that reflects both the intention of these stock ownership guidelines and the participant's individual circumstances.

## **Definition of Ownership**

Stock ownership will include the number of shares of LKQ common stock that the participant owns in his or her name or in the name of an estate planning entity of which the participant is a beneficiary or that are owned by a member of the immediate family of the participant sharing the household of the participant.

Restricted stock and restricted stock units count toward satisfaction of these stock ownership guidelines. Shares of stock that a participant has the right to acquire through the exercise of stock options (whether or not vested) do not count toward satisfaction of these stock ownership guidelines.

Shares of stock pledged as collateral for a loan shall not count toward the satisfaction of these stock ownership guidelines.

## **Administration**

The Governance/Nominating Committee of the Board shall be responsible for interpreting and monitoring the application of these stock ownership guidelines.

(Last amended March 4, 2019)