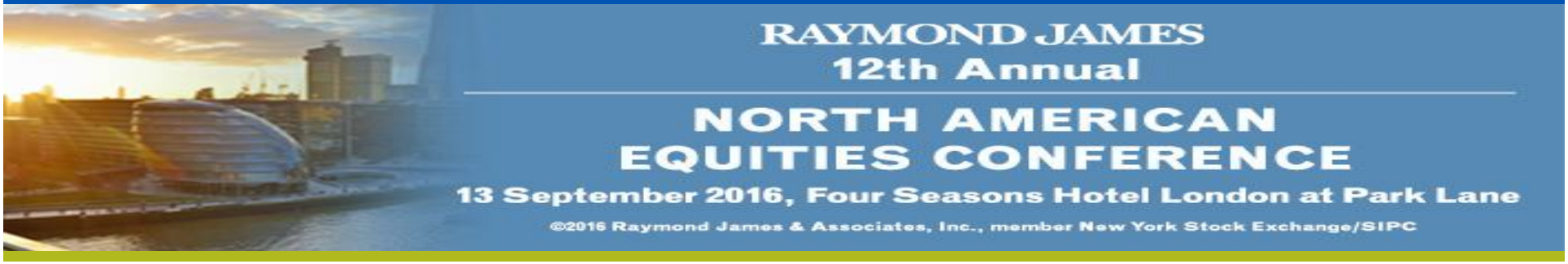


LKQ Corporation













Forward Looking Statements

Statements and information included in this presentation that are not purely 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 expectations, intentions, beliefs and strategies regarding the future and are subject to a number of risks and uncertainties. Actual results may differ materially from our forward-looking information.

All forward-looking statements we make are based on information available to us at the time the statements are made, and we assume no obligation to update any forward-looking statements, except as may be required by law. The risks and uncertainties that could cause actual results to differ from the results predicted or implied by our forward-looking statements include risks and uncertainties included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our subsequent Quarterly Reports on Form 10-Q. These reports are available on our investor relations website at lkqcorp.com and on the SEC website at sec.gov.

Mission & Strategic Initiatives

Mission Statement

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

Guiding Principles

Integrity & Ethics
Customer First
Humility
Team Centric

Strategic Initiatives

- Broaden Product Offerings in each segment
- Drive Productivity
- Expand E-Commerce Platforms
- Create Pan European Platform
- Expand & integrate through Acquisition

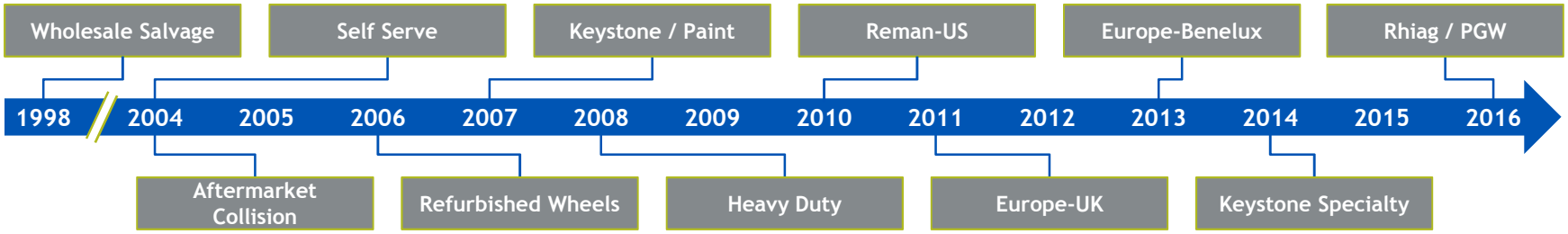
Performance Priorities

Organic Growth
Margin Expansion
Network Leverage
One-Stop-Shop
High Fulfilment Rates

GROW LONG TERM REVENUE 10% Annually **GROW EPS 15% Annually** **ORGANIC REVENUE GROWTH (1) 6% to 8% Annually**

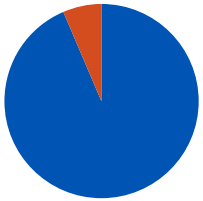
(1) Parts & services.

LKQ's Evolution



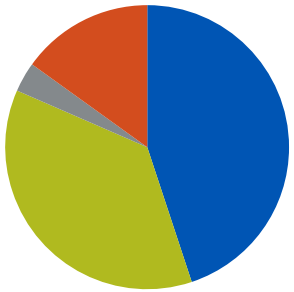
2003

Total Revenue $328M



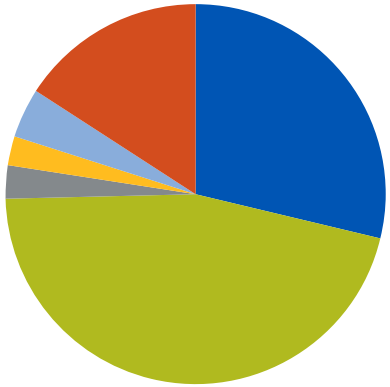
2007

Total Revenue $1.11B



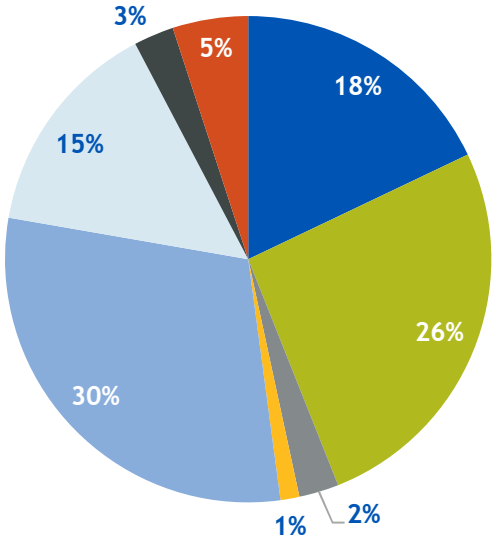
2011

Total Revenue $3.27B



2016*

Total Revenue $7.95B



Recycled Products | Aftermarket NA | Self Service-Parts | Heavy Truck-Parts | European Operations | Specialty | Glass | Other

* TTM as of 6/30/2016

Operating Unit Overview

North America

- Collision
  - Aftermarket automotive products
  - Recycled & Refurbished
- Mechanical
  - Recycled engines & transmissions
  - Remanufactured Engines





Europe

- Mechanical
  - 175,000+ small part SKUs
  - Brakes, filters, hoses, belts, etc.
- Collision (limited)
  - Aftermarket (UK) & Recycled (Sweden)





Specialty

- Performance products
- Appearance & accessories
- RV, trailer & other
- Specialty wheels & tires





Glass

- OEM Production and fabrication
- Aftermarket glass distribution



PGW®
Pittsburgh Glass Works

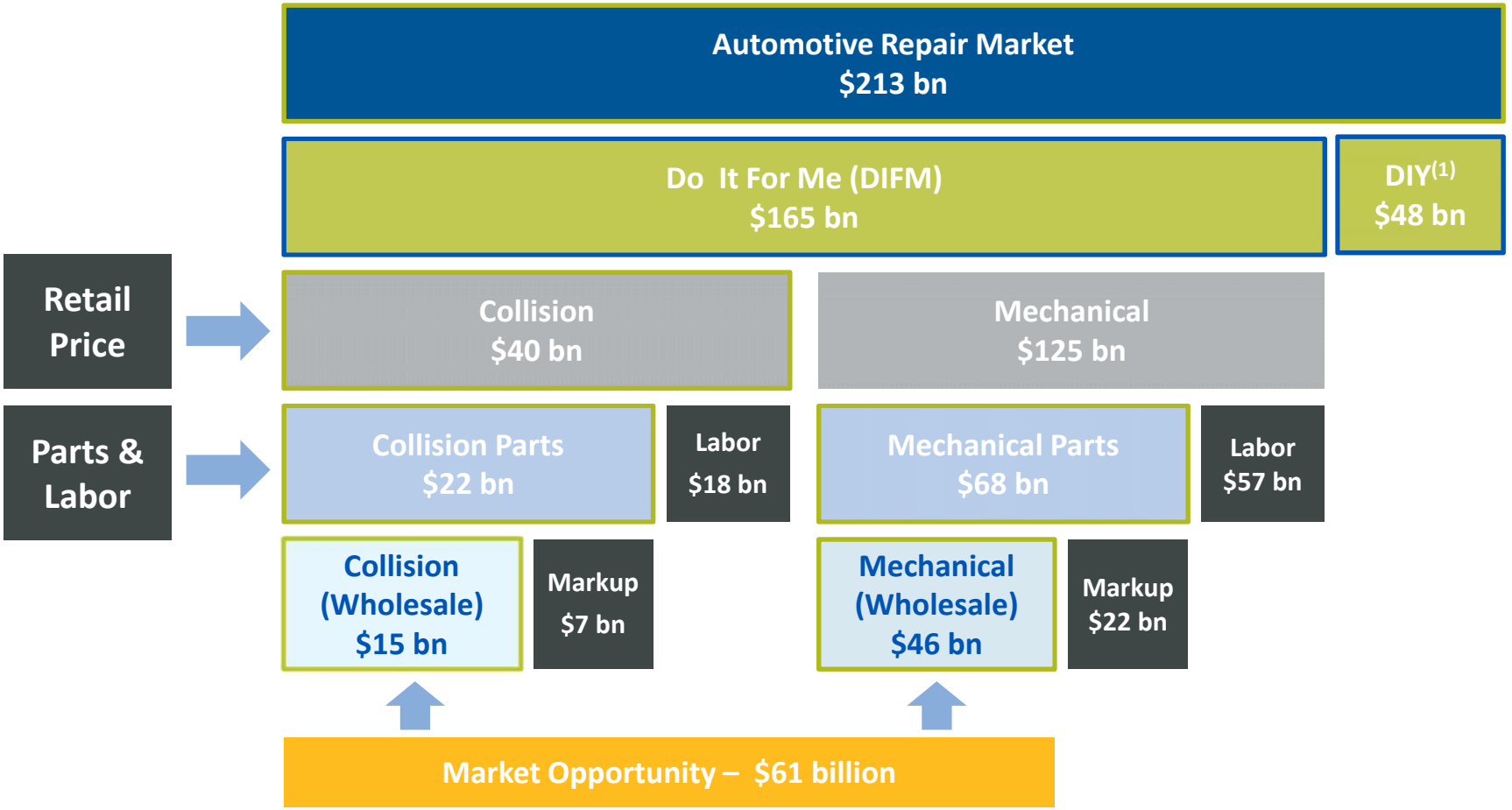


LKQ Corporation



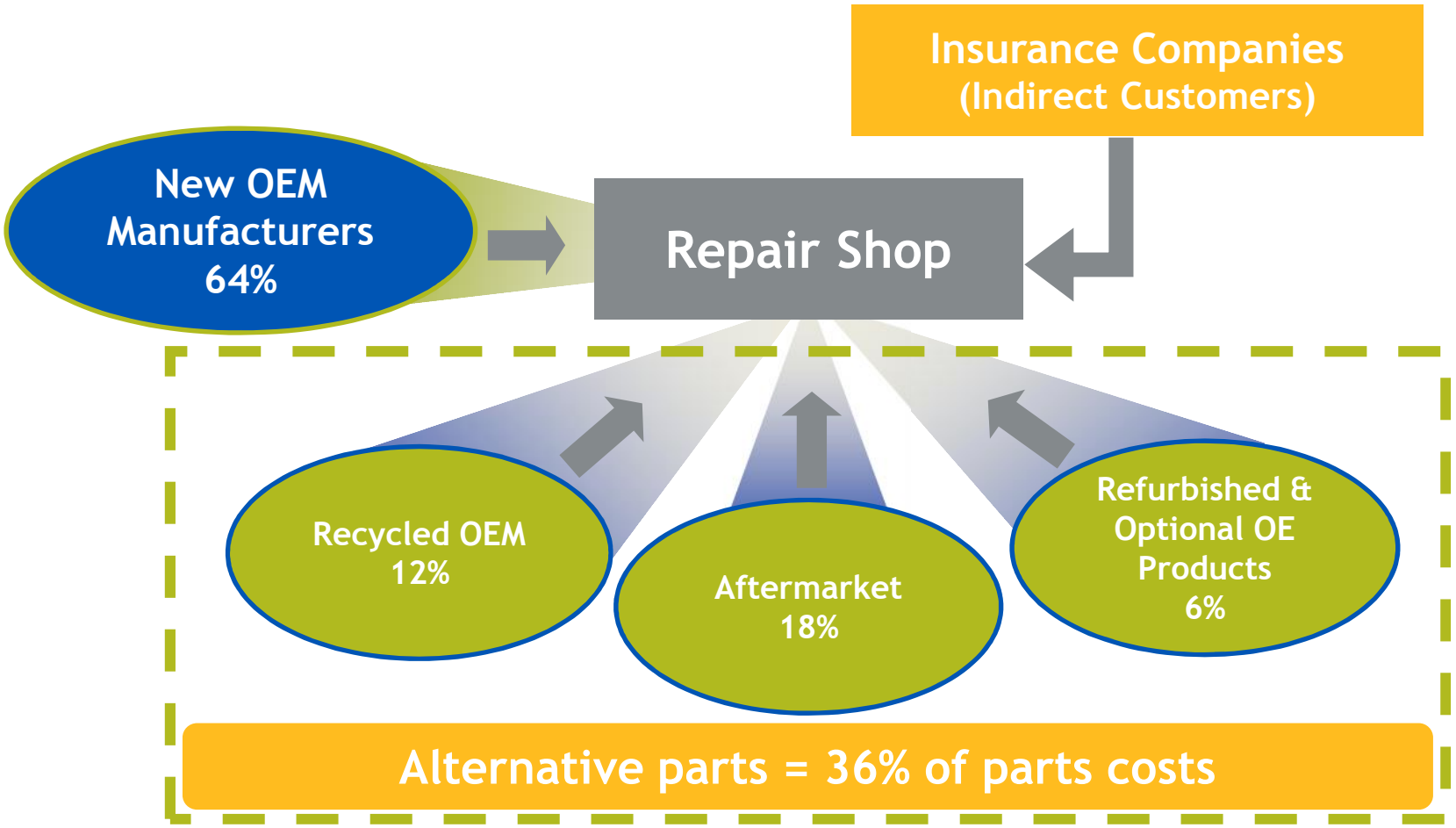
Operating Segments

Large & Fragmented US Market



Source: AAIA Factbook, 24rd Edition 2014; 2014 data is estimated, excludes tires.
2014 Collision Trends.
(1) * Do It Yourself ecommerce only.

Collision Products, a $15 Billion Industry



Source: CCC Information Services –Crash Course 2015.

Clear Value Proposition







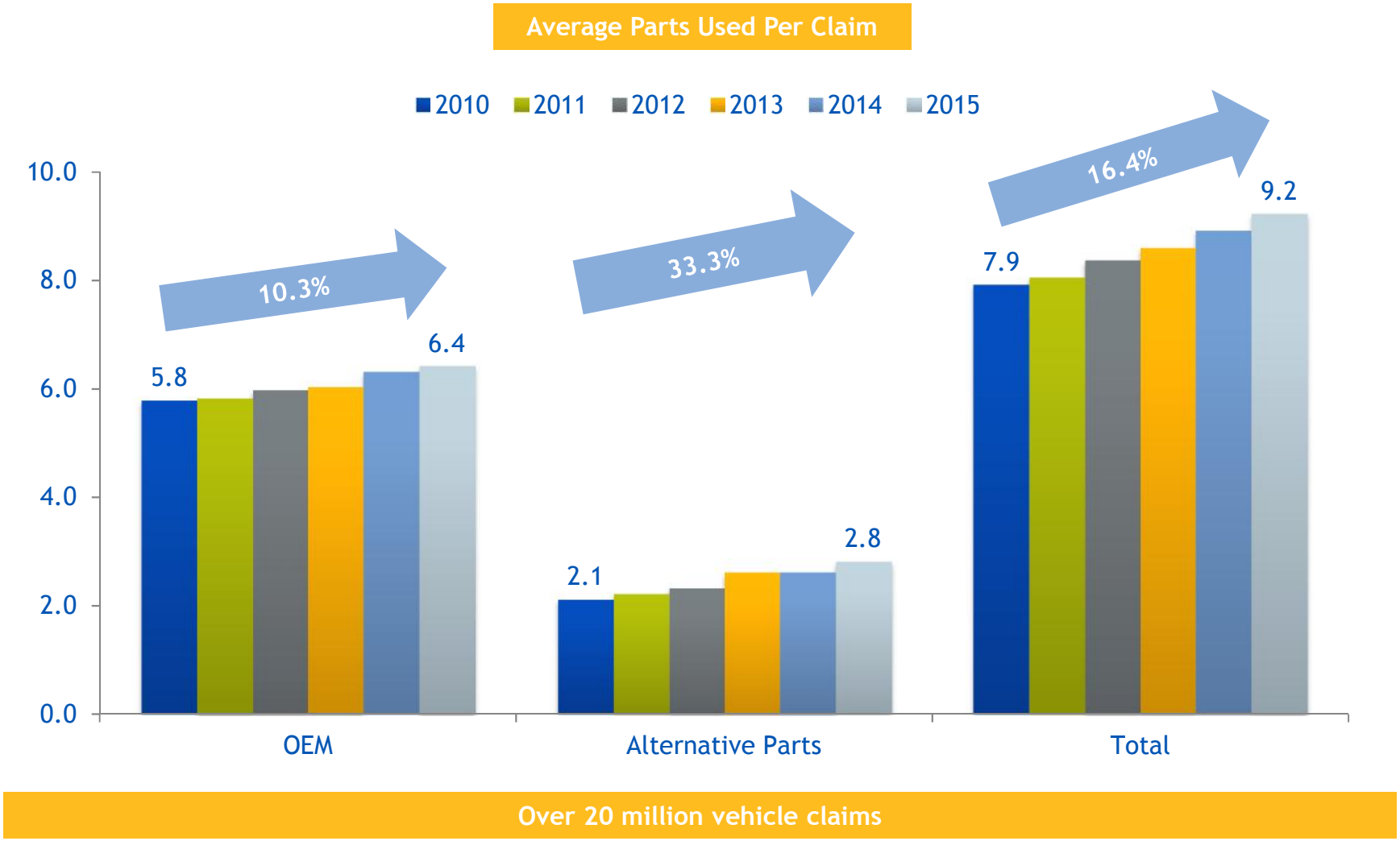
	2008 Chevrolet Corvette Wheel	2006 Chevrolet Silverado Engine	2005 Honda Accord Bumper Cover
New OEM	$995	$3,499	$610
Remanufactured	$454	$2,454	$272
Recycled OEM	$425	$1,450	$345
New A/M	$354	N/A	$231
Average Savings	**55%**	**39%**	**49%**

…and Improved Cycle Time for Repairs

Note: Parts price only – excludes labor.

LKQ Corporation

Shift Toward Alternative Parts Usage



Over 20 million vehicle claims

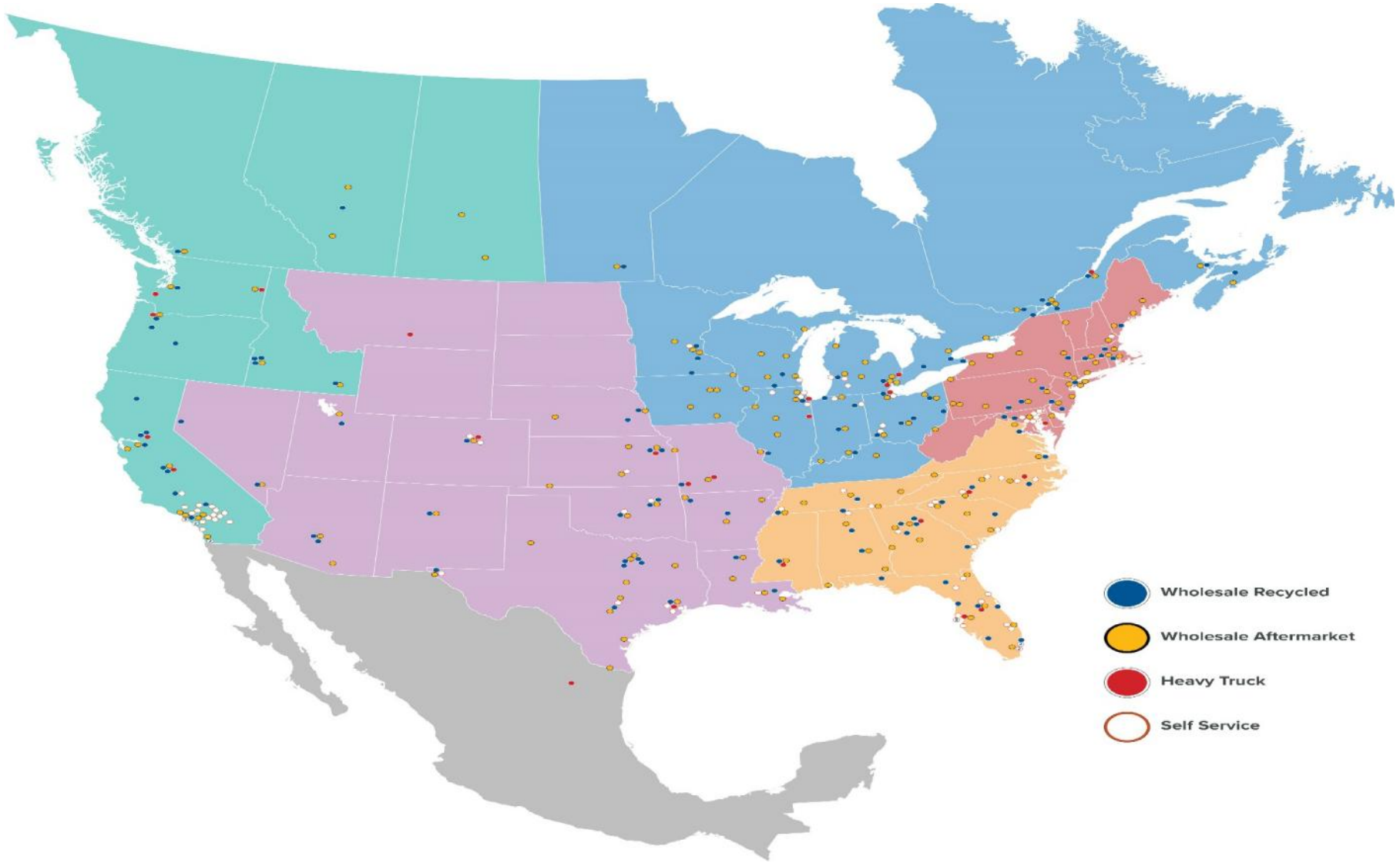
Source: CCC Information Services Inc.

Regional Distribution Improves Fulfilment

- Highly fragmented space
- 20X size of next competitor
- Consistent nationwide coverage and warranty
- Strong management team
- Strong logistics & footprint
- Industry leading fill-rates
  - Aftermarket: 95%
  - Salvage
    - Competitor: 25%
    - LKQ Single Site: 35%
    - LKQ Region: 75%

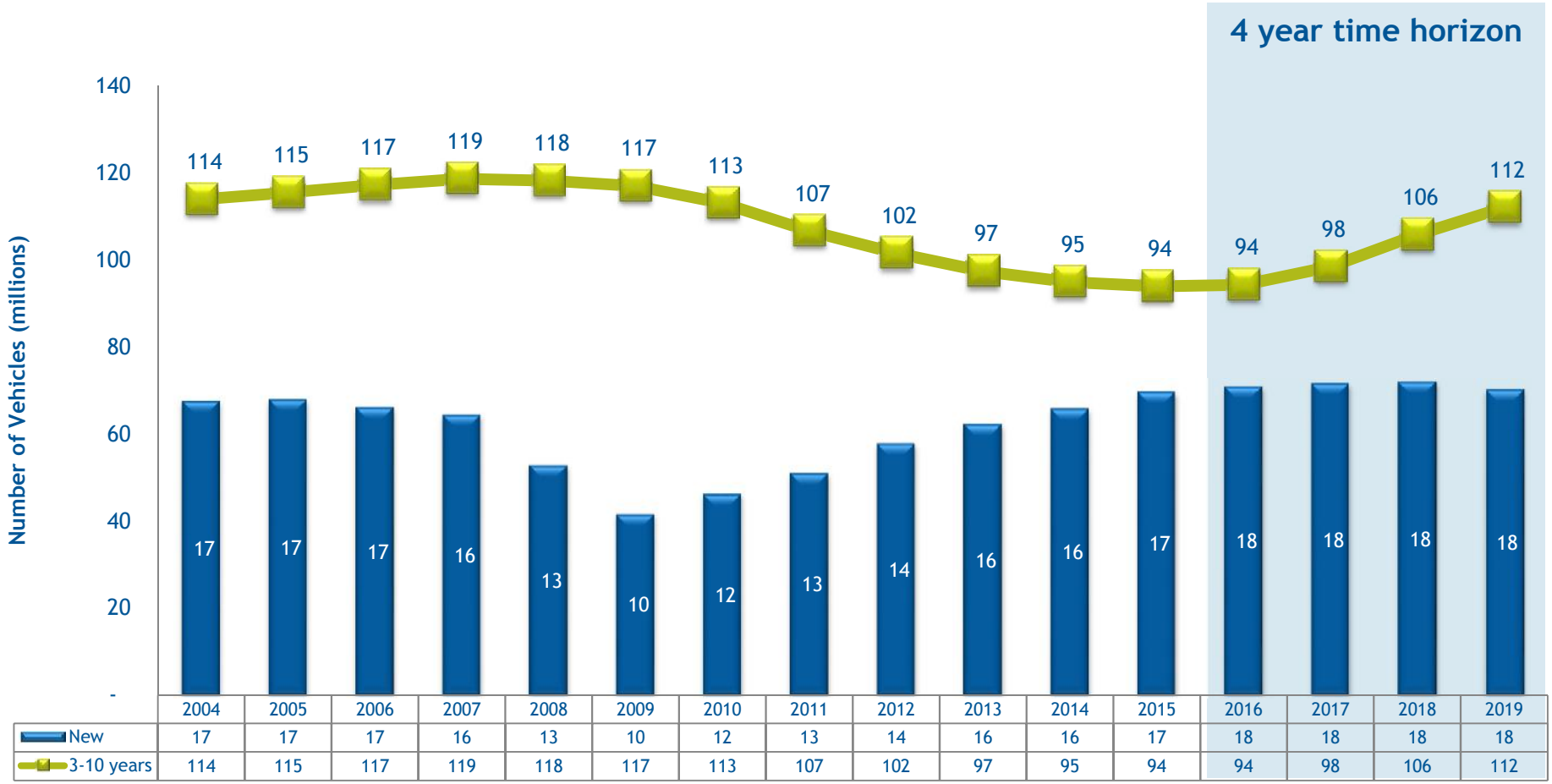


Wholesale North America Footprint



LKQ's "Sweet Spot" is Growing

Age & size of US Car Parc

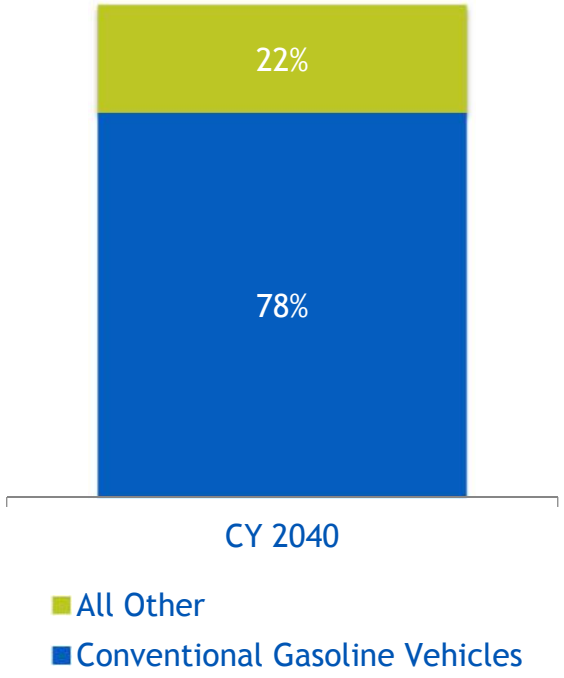


	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
New	17	17	17	16	13	10	12	13	14	16	16	17	18	18	18	18
3-10 years	114	115	117	119	118	117	113	107	102	97	95	94	94	98	106	112

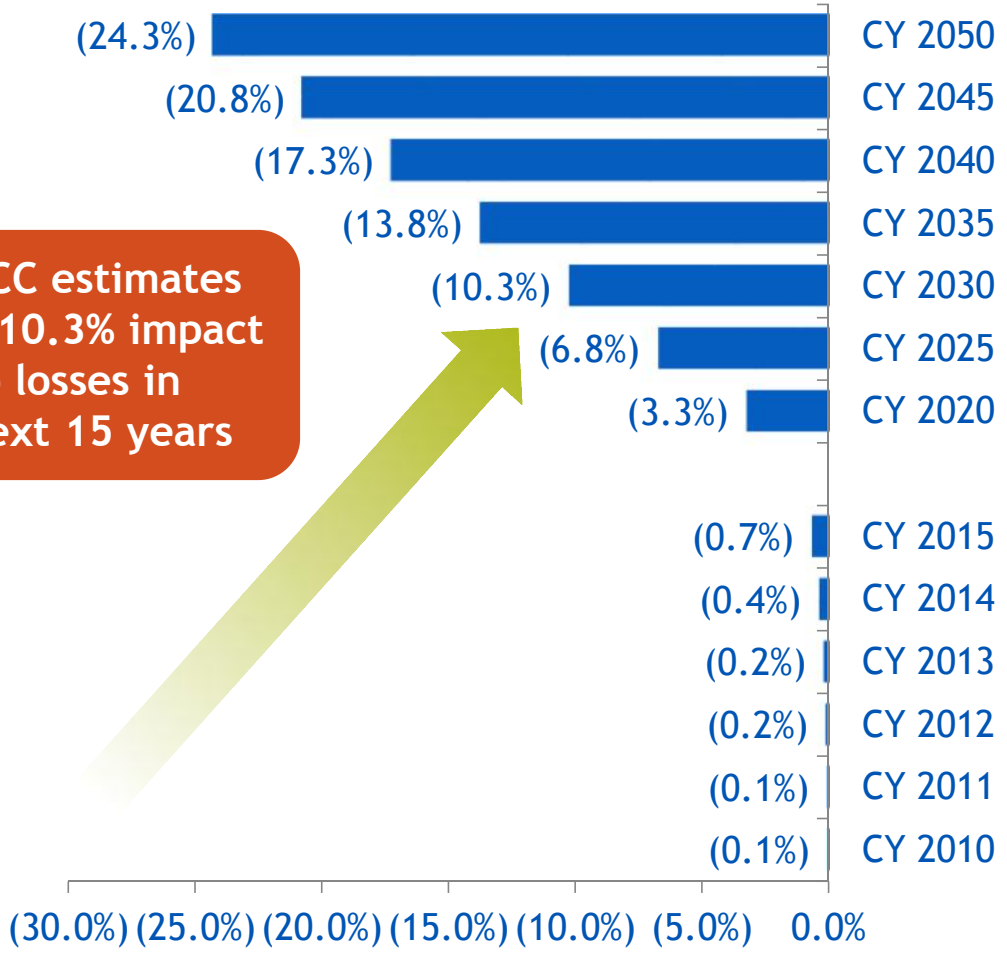
Sources: Sales & Production-Wards; Projections-Bank of America Merrill Lynch, 6/21/2016.
Data assumes oldest vehicles are retired first in each year (not a precise assumption).

Crash Avoidance Systems Growing…
But Impact will Be Very Slow

U.S. EIA Energy Outlook 2014
Light Duty Vehicle Sales by Energy Use



CCC estimates a 10.3% impact to losses in next 15 years

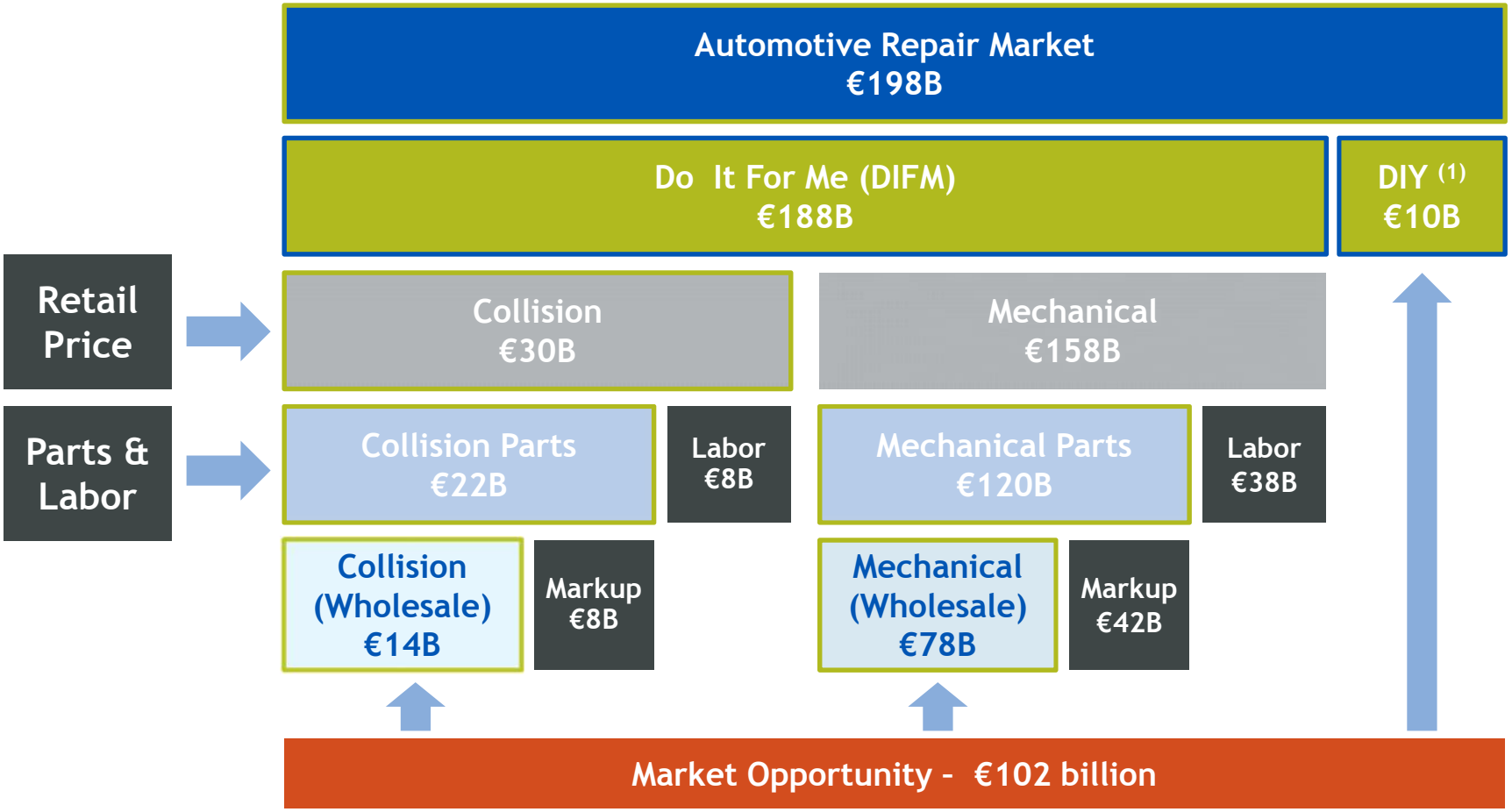


Source: CCC Information Services Inc.

Europe - Market Observations



Large European Market



Source: 2014 Datamonitor; Management estimates.
Note: All € in millions; Excludes VAT and sales taxes.
(1) Do It Yourself e-commerce only.

Highly Fragmented with many "Country Champions"

Selected Market Players



Selected Pan European Platforms

- LKQ—Central and Eastern Europe, Italy, the Netherlands and the United Kingdom
- Alliance Automotive—France, Germany and the United Kingdom
- Mekonomen—Denmark, Finland, Norway and Sweden

Source: Company filings, press releases, FactSet, Orbis and CapitalIQ.

LKQ's European Operations

- Leading distributor of automotive aftermarket mechanical parts in the UK
- Nearly 55,000 commercial customers
- 3 National Distribution Centers totaling 1.2M square feet
- 17 regional hubs, 206 branches, 20 paint distribution locations

- Leading distributor of automotive aftermarket mechanical parts in the Benelux
- Proprietary, best-in-class online ordering technology for local distributors & repair shops
- 11 distribution centers & 87 branches

- Rhiag is the leading automotive aftermarket mechanical parts distributor in Italy, The Czech Republic & Slovakia; #2 or #3 position in 6 other countries in Central & Eastern Europe
- Italy & Switzerland distribution networks operate under a 3 step model & Eastern Europe under a 2 step model
- Rhiag utilizes a network of 11 regional HUBs and DC's and 275 local branches, distributing product to over 57,000 professional customers.

Opportunities for Procurement & Back Office Synergies

LKQ's European Footprint



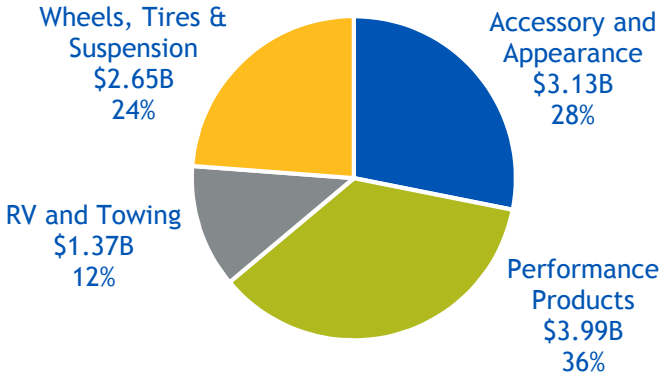
Specialty

Specialty Overview

- Leading distributor and marketer of specialty aftermarket equipment, accessories, and products in North America
- Critical link between 800+ suppliers and approximately 20,000 customers selling over 250,000 total SKUs supported by a highly technical sales force
- Diverse product segments: truck and off-road; speed and performance; recreational vehicle; towing; wheels, tires and performance handling; and miscellaneous accessories
- Best-in-class logistics and distribution network with approximately 1,000,000 annual deliveries and ability to serve over 97% of dealer / jobber customers next-day

Specialty Directly Addressable Market (1)

($ in billions)



Truck & Off-Road	Wheels and Tires	Speed & Performance	RV	Towing	Accessories
 Winches	 Wheels	 Air Intakes	 Awnings	 Receiver Hitches	 Fender Flares
 Toolboxes	 Tires	 Superchargers	 Satellites	 5th Wheels	 Floor Liners

(1) Management estimates based on AAIA Factbook, SEMA and other industry research

Automotive Glass

Market Leading Auto Glass

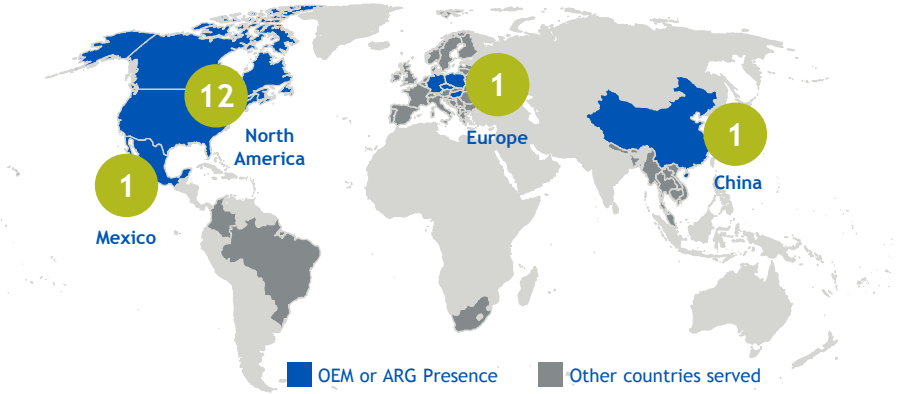
- Pittsburgh Glass Works LLC ("PGW" or the "Company") is the leading North American manufacturer, supplier and distributor of automotive glass products
  - #1 in OEM with approximately 20 global customers across 78 platforms
  - #2 in aftermarket serving over 7,000 customers
- Worldwide, low-cost manufacturing footprint integrated across global supply chain
- Positioned to capitalize on increased use of innovative, high value applications
- Significant customer overlap with existing collision related activities

Select Automotive Glass Capabilities

Windshields | **Sidelites** | **Backlites** | **Roof Panels**



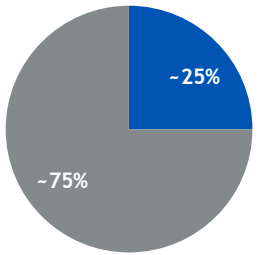
Global Manufacturing and Distribution Footprint(1)



(1) Facilities in Mexico and China are partially-owned JVs.
(2) Management's estimates.
(3) U.S. distributed share.

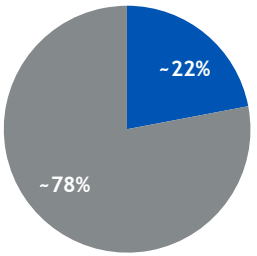
North American Automotive Glass Competitive Landscape(2)

OEM



Market Size: $2.3 billion

Aftermarket(3)



Market Size: $1.2 billion

Consistent Business Model and Strategy

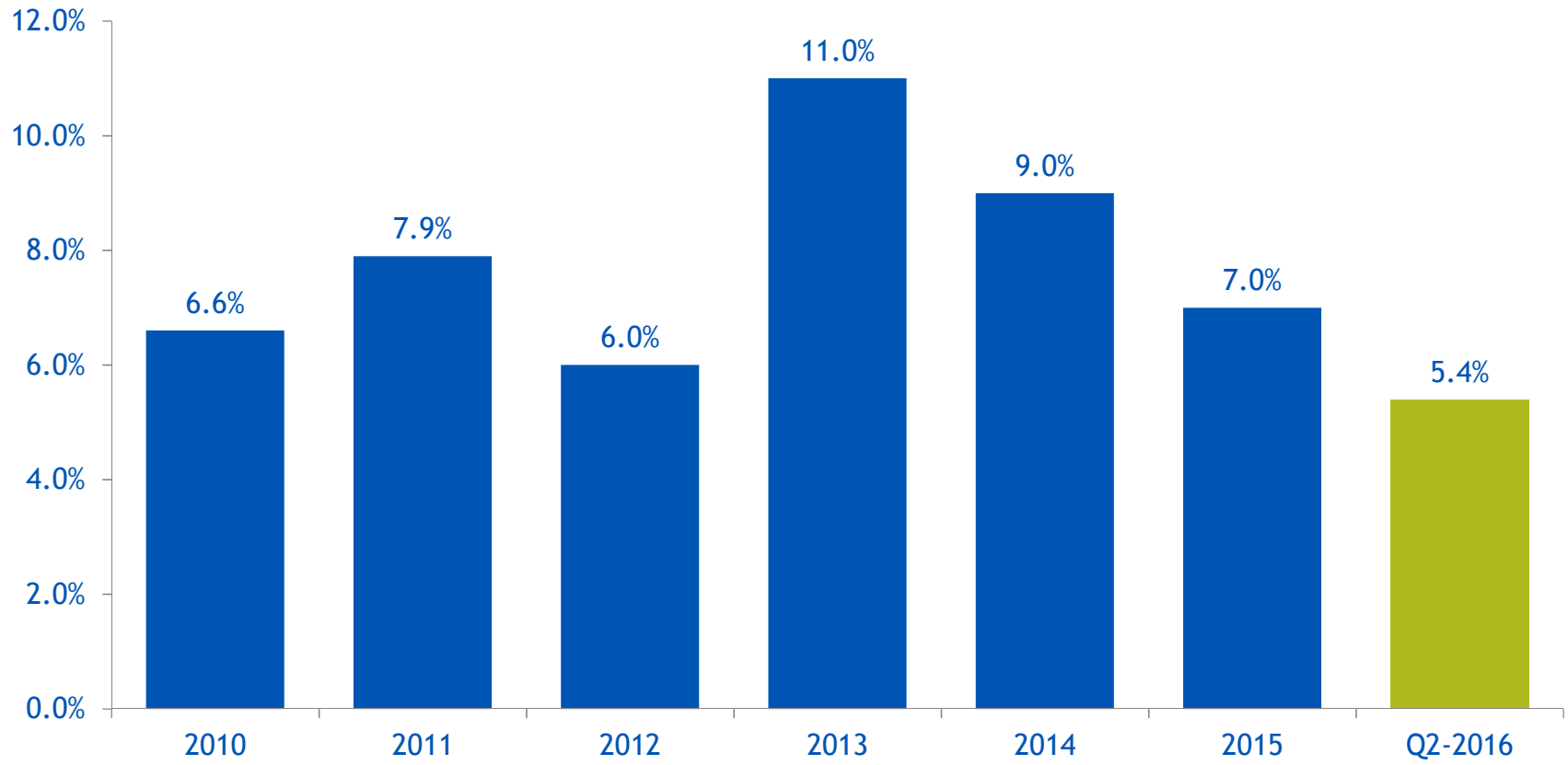




Financial Overview

History of Strong Organic Growth

Organic Revenue Growth Rates[1]



(1) Parts and services only.

LKQ's Acquisition Philosophies

Strong Brands

















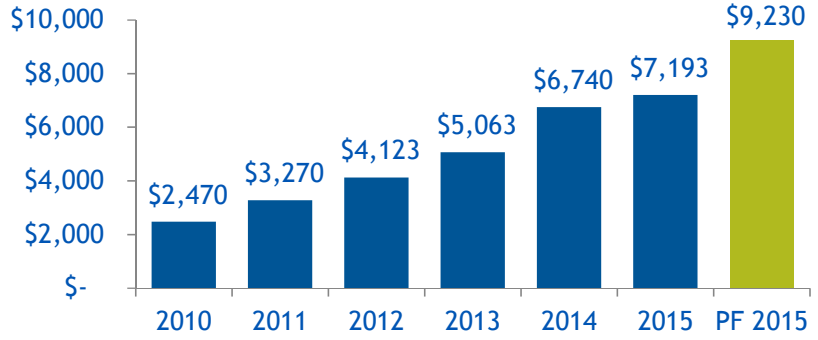




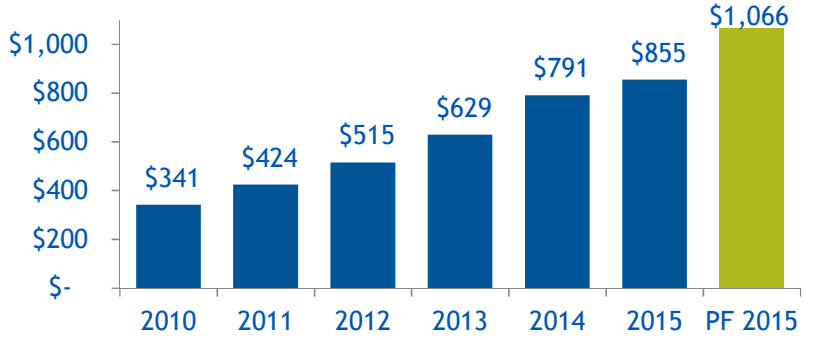
- Markets where we can be #1 or #2
- Strong and experienced management
- Opportunities for growth & synergies
- Financial returns
  - IRR (mid-teens over 10 years)
  - ROIC (10 years' average >10%)
- Integrity
- Criteria in new markets
  - Among the leaders in the market
  - High fulfillment rates
  - Consistent with LKQ culture
  - Excellent management team that will stay post closing
- Criteria in existing markets
  - "Tuck in" companies
  - High synergies
  - Additional capacity
- Substantial experience integrating acquisitions

Historical Financial Performance

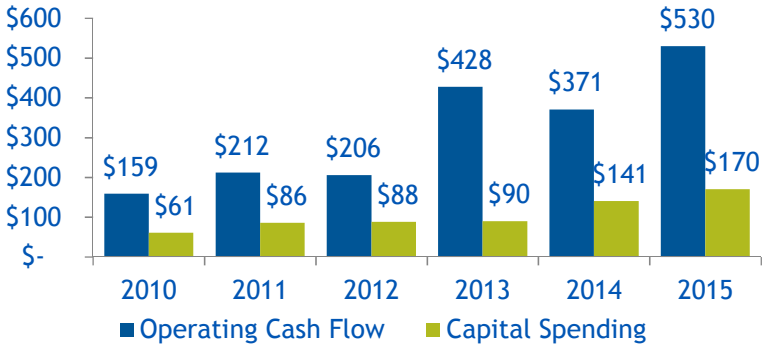
Revenue[1][3]



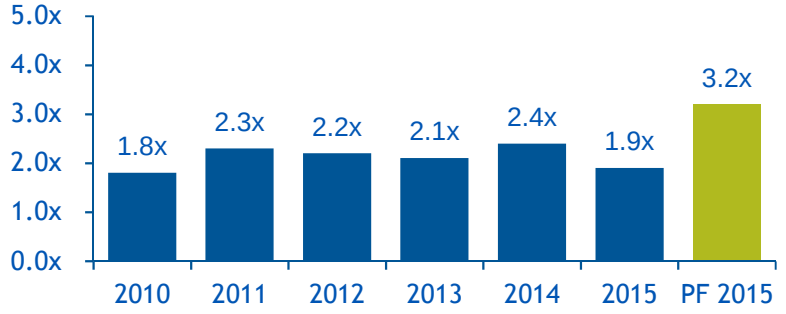
Adjusted EBITDA[1][2][3]



Cash Flow/Capex[1]



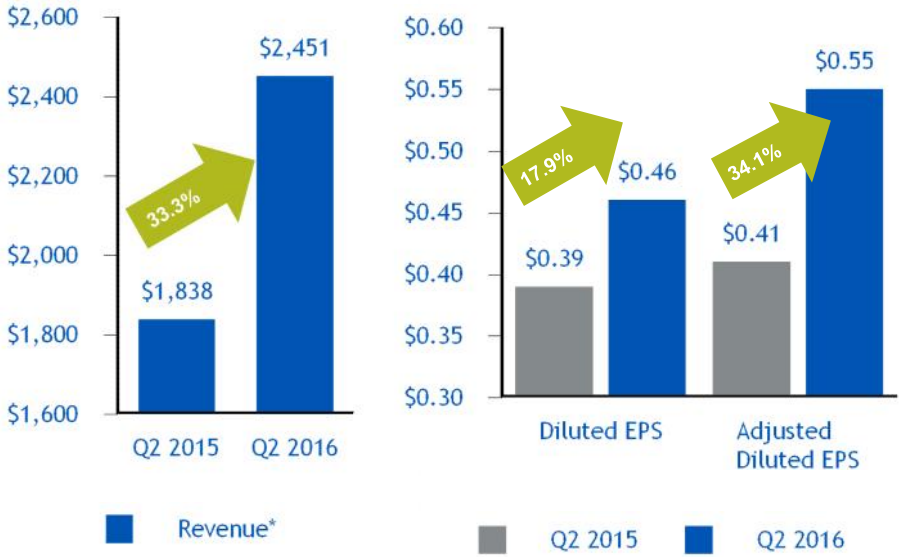
Leverage [4]



(1) $ in millions
(2) Pro Forma 2015 reflects a full year impact of Rhiag and PGW acquisitions. Financial information reflects FY 2015 for LKQ, LTM 9/30/2015 for Rhiag and LTM 10/31/2015 for PGW.
(3) Represents (i) LKQ Segment EBITDA and (ii) Adjusted EBITDA as defined by Rhiag and PGW with LTM results further adjusted by LKQ.
(4) Debt/Adjusted EBITDA on a reported basis for 2010-2015 and a Pro Forma Basis for 2015 (see footnote 2)

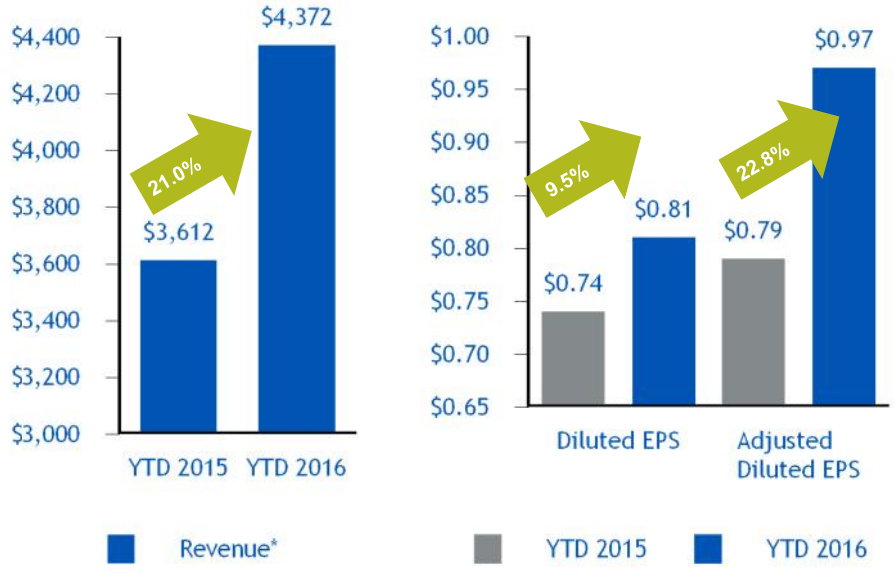
Consolidated Results

Q2 2016



- Organic growth of parts and services revenue of 5.4%
- Net income $140.7 million Q2 2016 vs. $119.7 million Q2 2015
- Segment EBITDA Margin** 13.0% Q2 2016 vs. 12.7% Q2 2015

YTD 2016



- Organic growth of parts and services revenue of 5.8%
- Net income $248.5 million YTD 2016 vs. $226.8 million YTD 2015
- Segment EBITDA Margin** 12.7% YTD 2016 vs. 12.6% YTD 2015

* Revenue in millions

** Refer to Segment EBITDA reconciliation on page 31

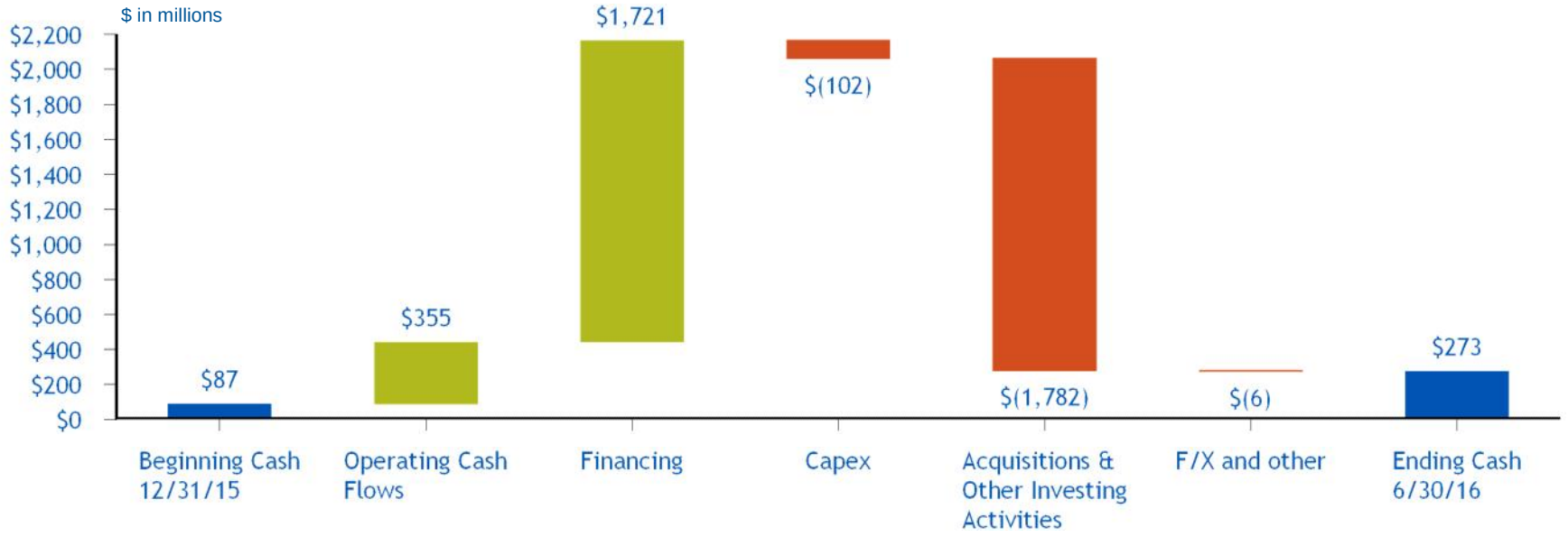
Q2 2016 Revenue Growth

Revenue Changes by Source:	Organic	Acquisition	Foreign Exchange	Total[1]
North America	3.1%	2.8%	(0.3)%	5.6%
Europe	8.0%	57.5%	(3.7)%	61.8%
Specialty	8.0%	11.1%	(0.5)%	18.5%
Glass	nm	nm	nm	nm
Parts and Services	5.4%	32.8%	(1.4)%	36.8%
Other Revenue	(16.2)%	5.2%	(0.2)%	(11.2)%
Total	3.8%	30.8%	(1.3)%	33.3%

- Organic growth in parts and services revenue was predominantly attributable to pricing in our wholesale operations and higher volume in our salvage operations partially offset offset by a negative mix impact as we saw a smaller percentage of sales from high value salvage part types in 2016
- ECP organic revenue growth for parts and services was 9.6%. Revenue growth for branches open more than 12 months was 7.8% and collision parts revenue growth was 18.2%
- Sator organic revenue growth for parts and services was 4.4%
- Unfavorable F/X impact on European revenue of $19 million; European constant currency parts and services revenue growth of 65.5%[2]
- European acquisition growth represented $292 million, of which $284 million was generated by Rhiag-Inter Auto Parts Italia S.p.A. ("Rhiag") (acquired March 18, 2016)
- Through our acquisition of Pittsburgh Glass Works ("PGW") in Q2 2016, the Glass segment was added with Q2 revenue of $210 million
- Specialty acquisition growth reflects Q3 2015 acquisition of The Coast Distribution System, Inc. ("Coast")
- Decrease in Other Revenue primarily attributable to lower volume due to the sale of one of our metals processing businesses at the end of Q2 2015 and lower precious metals pricing. Scrap steel was flat quarter over quarter

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding
(2) Refer to constant currency reconciliation on page 30

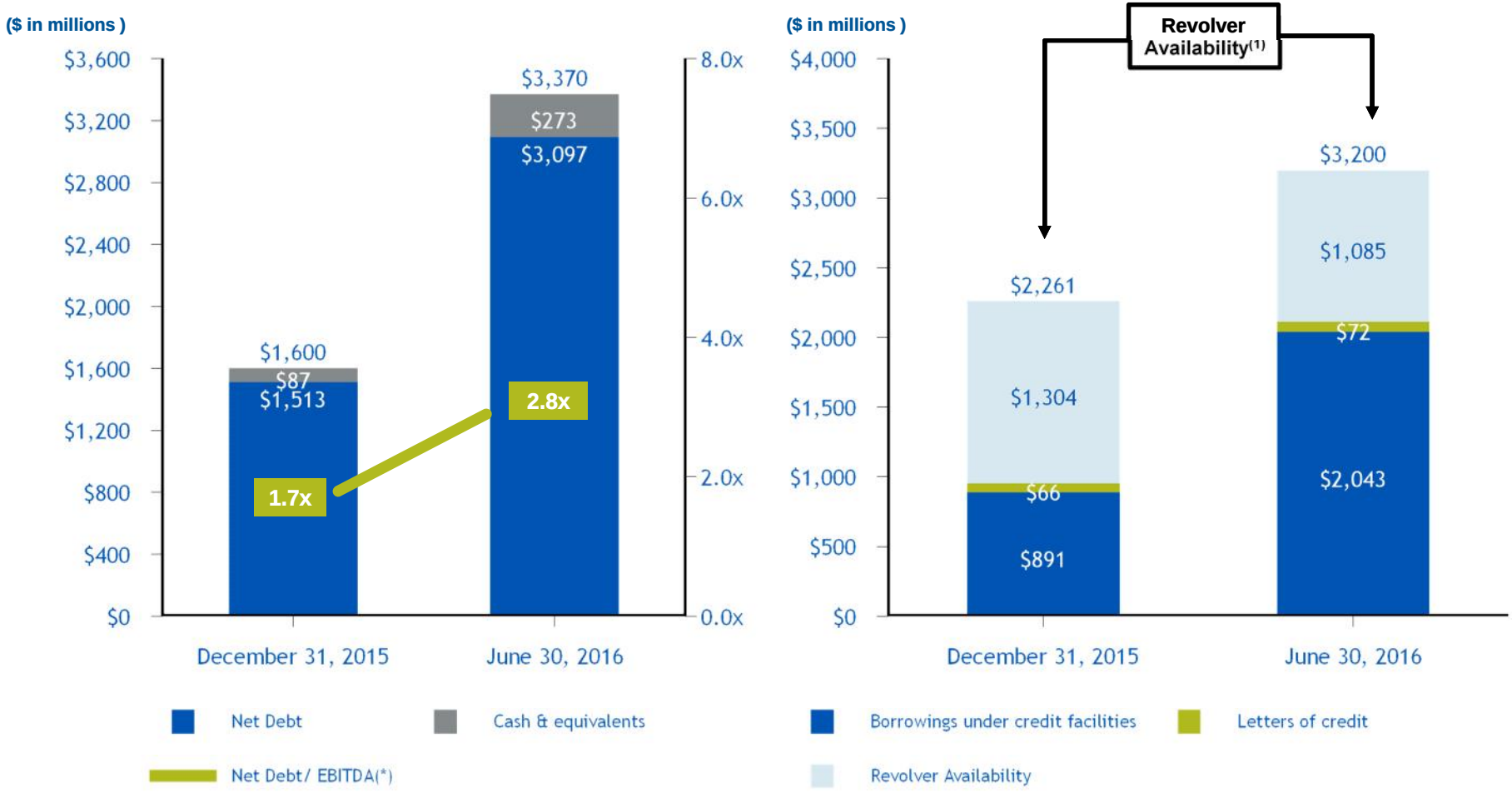
2016 Capital Allocation



- Operating cash flows:
  - $360M of cash earnings[(1)] in YTD 2016 compared to $299M in YTD 2015
  - $5M cash outflow from operating assets and liabilities due mainly to an $83M increase in receivables (seasonal build in Q2) and $43M reduction of inventory
- Acquisitions and other investing activities include $1.8B of cash used to acquire Rhiag and PGW, including $0.5B of Rhiag debt paid off after closing
- Financing activities include borrowings on our revolving credit facility to fund acquisitions and proceeds from the issuance of our senior notes

(1) Cash earnings from the cash flow statement equals Net Income plus Depreciation and Amortization plus Stock-based Compensation Expense plus Deferred Income Tax plus Excess Tax Benefit from Stock-based Payments plus Costs Associated with Early Debt Termination plus Gain on Foreign Exchange Contract plus Other

Leverage & Liquidity



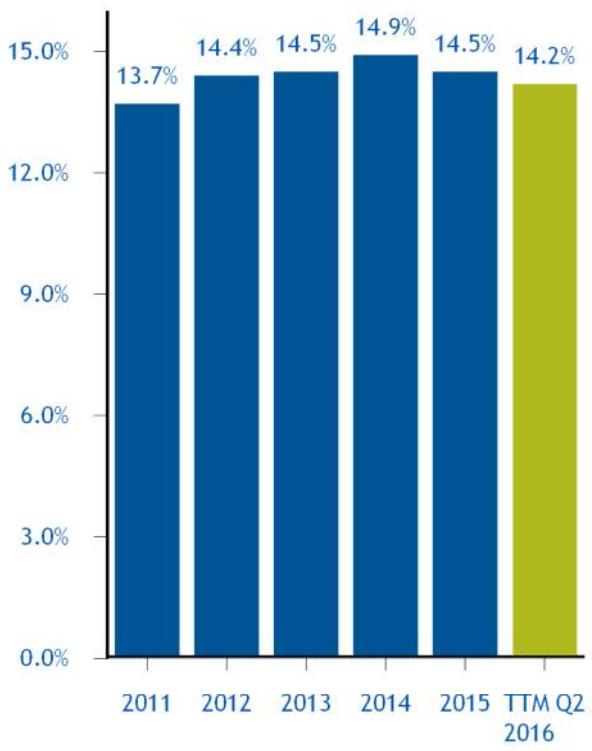
Effective borrowing rate for Q2 2016 was 3.1%

(1) Revolver availability includes our term loans and revolving credit facilities

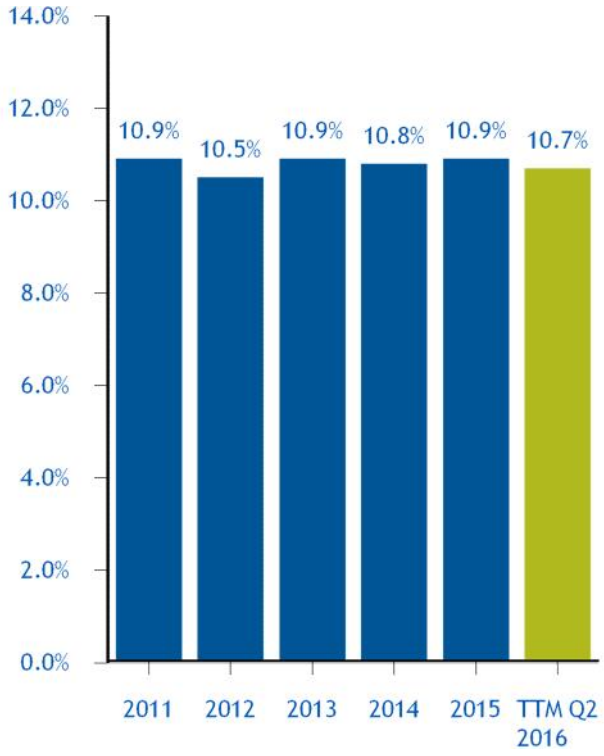
(*) Net leverage per bank covenants is defined as Net Debt/EBITDA. See the definitions of Net Debt and EBITDA in the credit agreement filed with the SEC for further details

Key Return Metrics

Return on Equity



Return on Invested Capital*



(*) Amortization of intangibles has been excluded from the calculation of Return of Invested Capital

Appendix - Non-GAAP Financial Measures

The financial data contained in the presentation materials includes earnings before interest, taxes, depreciation and amortization ("EBITDA") and provides a reconciliation of net income to EBITDA. The financial data contained in the presentation materials also includes adjusted net income and adjusted diluted earnings per share ("EPS") and provides a reconciliation of net income and diluted EPS to adjusted net income and adjusted diluted EPS. The Company defines adjusted net income and adjusted diluted EPS as net income and diluted EPS adjusted to eliminate the impact of restructuring and acquisition related expenses, loss on debt extinguishment, amortization expense related to acquired intangibles, the change in fair value of contingent consideration liabilities, other acquisition related gains and losses and the tax effect of these adjustments. EBITDA, adjusted net income and adjusted diluted EPS are not measures of financial performance under generally accepted accounting principles in the United States.

We have presented EBITDA, adjusted net income and adjusted diluted EPS information solely as supplemental disclosures because we believe they offer investors, securities analysts and other interested parties useful information regarding our results of operations because they assist in analyzing our performance and the value of our business. EBITDA provides insight into our profitability trends, and allows management and investors to analyze our operating results with and without the impact of depreciation, amortization, interest and income tax expense. We believe EBITDA is used by securities analysts, investors and other interested parties in evaluating companies, many of which present EBITDA when reporting their results. EBITDA should not be construed as an alternative to operating income, net income or net cash provided by (used in) operating activities, as determined in accordance with accounting principles generally accepted in the United States. Adjusted net income and adjusted diluted EPS are presented as supplemental measures of our performance that management believes are useful for evaluating and comparing our operating activities across reporting periods. Adjusted net income and adjusted diluted EPS should not be construed as alternatives to net income or diluted EPS as determined in accordance with accounting principles generally accepted in the United States. Not all companies that report EBITDA, adjusted net income and adjusted diluted EPS information calculate these 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.

Appendix 1- Constant Currency Reconciliation

- The following unaudited table reconciles revenue growth for Parts and Services to constant currency revenue growth for the same measure:

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2016	
	Consolidated	Europe	Consolidated	Europe
Parts and Services				
Revenue Growth as reported	36.8%	61.8%	23.9%	37.6%
Less: Currency impact	(1.4%)	(3.7%)	(1.6%)	(4.1%)
Revenue growth at constant currency	38.2%	65.5%	25.5%	41.7%

- We evaluate growth 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 is non-operational. Constant currency Segment EBITDA results are calculated by translating prior year Segment EBITDA in local currency using the current year's currency conversion rate. This non-GAAP 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 companies due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation.

Appendix 2- EBITDA and Segment EBITDA Reconciliation

(in millions)	QTD** Q2 2016	% of revenue	Q2 2015	% of revenue	YTD** Q2 2016	% of revenue	Q2 2015	% of revenue
Segment EBITDA								
North America	$ 163.8	15.2%	$ 138.9	13.3%	$ 311.2	14.4%	$ 288.3	13.8%
Europe	90.0	10.9%	53.9	10.6%	147.5	10.8%	100.5	10.1%
Specialty	41.8	12.4%	40.2	14.1%	73.5	11.8%	65.6	12.5%
Glass	23.3	11.1%	—	nm	23.3	11.1%	—	nm
Total Segment EBITDA	$ 318.9	13.0%	$ 233.0	12.7%	555.5	12.7%	$ 454.3	12.6%
Deduct:								
Restructuring and acquisition related expenses	9.1		1.7		23.9		8.2	
Inventory step-up adjustment- acquisition related	10.2		—		10.2		—	
Change in fair value of contingent consideration liabilities	—		0.1		0.1		0.3	
Add:								
Equity in earnings of unconsolidated subsidiaries	0.1		(1.2)		(0.2)		(3.1)	
Gains on foreign exchange contracts- acquisition related	—		—		18.3		—	
EBITDA	$ 299.7	12.2%	$ 230.1	12.5%	$ 539.4	12.3%	$ 442.8	12.3%
Depreciation and Amortization	57.7		31.0		90.9		61.7	
Interest Expense, Net	26.4		14.6		41.0		29.5	
Loss on debt extinguishment*	—		—		26.7		—	
Provision for Income Taxes	74.9		64.7		132.4		124.8	
Net Income	**$ 140.7**		**$ 119.7**		**$ 248.5**		**$ 226.8**	

* Loss on debt extinguishment is considered a component of interest in calculating EBITDA
** The sum of the individual components may not equal the total due to rounding.

Appendix 3- Adjusted Net Income and EPS Reconciliation*

(in millions, except per share data)	QTD Q2 2016*	QTD Q2 2015*	YTD Q2 2016*	YTD Q2 2015*
Net Income	$140.7	$119.7	$248.5	$226.8
Adjustments:				
Restructuring and acquisition related expenses	9.1	1.7	23.9	8.2
Loss of debt extinguishment	—	—	26.7	—
Amortization of acquired intangibles	24.3	8.2	33.2	16.5
Inventory step-up adjustment- acquisition related	10.2	—	10.2	—
Change in fair value of contingent consideration liabilities	—	0.1	0.1	0.3
Gains on foreign exchange contracts- acquisition related	—	—	(18.3)	—
Tax effect of adjustments	(15.1)	(3.5)	(26.3)	(8.7)
Adjusted net income	$169.2	$126.3	$297.9	$243.1
Weighted average diluted common shares outstanding	308,898	307,247	308,634	307,105
Diluted earnings per share	$0.46	$0.39	$0.81	$0.74
Adjusted diluted earnings per share	$0.55	$0.41	$0.97	$0.79

*The sum of the individual components may not equal the total due to rounding.

Appendix 4- Adjusted Net Income and EPS Reconciliation*

(in millions, except per share data)	2015**	2014**	2013**	2012**	2011**
Net Income	$423.2	$381.5	$311.6	$261.2	$210.3
Adjustments:					
Restructuring and acquisition related expenses	19.5	14.8	10.2	2.8	7.6
Loss on debt extinguishment	—	0.3	2.8	—	5.3
Change in fair value of contingent consideration liabilities	0.5	(1.9)	2.5	1.6	(1.4)
Amortization of acquired intangibles	33.8	34.5	13.8	9.5	7.9
Tax effect of adjustments	(18.4)	(17.2)	(9.4)	(4.5)	(7.8)
Adjusted net income	$458.6	$412.0	$331.5	$270.7	$221.9
Weighted average diluted common shares outstanding	307,496	306,045	304,131	300,693	296,750
Diluted earnings per share	$1.38	$1.25	$1.02	$0.87	$0.71
Adjusted diluted earnings per share	$1.49	$1.35	$1.09	$0.90	$0.75

*Reflects the revision to Adjusted EPS to exclude amortization of acquired intangibles. Prior years information is presented for comparability.
**The sum of the individual components may not equal the total due to rounding.

Appendix 5- 2015 Quarterly Adjusted Net Income and EPS Reconciliation*

(in millions, except per share data)	Q4**	Q3**	Q2**	Q1**
Net Income	$95.1	$101.3	$119.7	$107.1
Adjustments:				
Restructuring and acquisition related expenses	6.8	4.6	1.7	6.5
Change in fair value of contingent consideration liabilities	0.1	0.1	0.1	0.2
Amortization of acquired intangibles	9.1	8.2	8.2	8.2
Tax effect of adjustments	(5.4)	(4.4)	(3.5)	(5.2)
Adjusted net income	$105.6	$109.9	$126.3	$116.8
Weighted average diluted common shares outstanding	308,028	307,728	307,247	306,691
Diluted earnings per share	$0.31	$0.33	$0.39	$0.35
Adjusted diluted earnings per share	$0.34	$0.36	$0.41	$0.38

*Reflects the revision to Adjusted EPS to exclude amortization of acquired intangibles.
**The sum of the individual components may not equal the total due to rounding.