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, 2013

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting 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	☐

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, 2013, 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 $7.7 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 21, 2014 was 301,383,141.

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 5, 2014, described in Part III hereof, are incorporated by reference in this report.

PART I

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes forward-looking statements. 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. We have based these forward-looking statements on our current expectations and projections about future events. However, these forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different. These factors include, among other things:

- uncertainty as to changes in North American and European general economic activity and the impact of these changes on the demand for our products and our ability to obtain financing for operations;
- fluctuations in the pricing of new original equipment manufacturer ("OEM") replacement products;
- the availability and cost of our inventory;
- variations in the number of vehicles sold, vehicle accident rates, miles driven, and the age profile of vehicles in accidents;
- changes in state or federal laws or regulations affecting our business;
- changes in the types of replacement parts that insurance carriers will accept in the repair process;
- inaccuracies in the data relating to our industry published by independent sources upon which we rely;
- changes in the level of acceptance and promotion of alternative automotive parts by insurance companies and auto repairers;
- changes in the demand for our products and the supply of our inventory due to severity of weather and seasonality of weather patterns;
- increasing competition in the automotive parts industry;
- uncertainty as to the impact on our industry of any terrorist attacks or responses to terrorist attacks;
- our ability to satisfy our debt obligations and to operate within the limitations imposed by financing agreements;
- our ability to obtain financing on acceptable terms to finance our growth;
- declines in the values of our assets;
- fluctuations in fuel and other commodity prices;
- fluctuations in the prices of scrap metal and other metals;
- our ability to develop and implement the operational and financial systems needed to manage our operations;
- 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;
- claims by OEMs or others that attempt to restrict or eliminate the sale of alternative automotive products;
- termination of business relationships with insurance companies that promote the use of our products;
- 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;
- currency fluctuations in the U.S. dollar, pound sterling and euro versus other currencies;
- instability in regions in which we operate that can affect our supply of certain products; and
- interruptions, outages or breaches of our operational systems, security systems, or infrastructure as a result of attacks on, or malfunctions of, our systems.

Other matters set forth in this Annual Report may also cause our actual future results to differ materially from these forward-looking statements. We cannot assure you that our expectations will prove to be correct. In addition, all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements mentioned above. You should not place undue reliance on these forward-looking statements. All of these forward-looking statements are based on our expectations as of the date of this Annual Report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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.

NOTE REGARDING STOCK SPLIT

In 2012, our Board of Directors approved a two-for-one split of our common stock. The stock split was completed in the form of a stock dividend that was issued on September 18, 2012 to stockholders of record at the close of business on August 28, 2012. The stock began trading on a split adjusted basis on September 19, 2012. The Company's historical share and per share information within this Annual Report on Form 10-K has been retroactively adjusted to give effect to this stock split.

ITEM 1. BUSINESS

OVERVIEW

LKQ Corporation ("LKQ" or the "Company") provides replacement parts, components and systems needed to repair cars and trucks. 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 sometimes 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 these products as alternative parts because they are not new OEM products. We are the nation's largest provider of alternative vehicle collision replacement products and a leading provider of alternative vehicle mechanical replacement products, with our sales, processing, and distribution facilities reaching most major markets in the United States. Our wholesale operations also reach most major markets in Canada. We are a leading provider of alternative vehicle replacement products in the United Kingdom, and in the second quarter of 2013, we expanded our operations into continental Europe through the acquisition of Sator Beheer B.V. ("Sator"), a leading distributor of vehicle mechanical aftermarket products in the Benelux region. In addition to our wholesale operations, we operate self service retail facilities across the U.S. that sell recycled automotive products. We have organized our businesses into three operating segments: Wholesale – North America; Wholesale – Europe; and Self Service. We aggregate our North American operating segments (Wholesale – North America and Self Service) into one reportable segment, resulting in two reportable segments: North America and Europe. See Note 13, "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.

The majority of our products and services are sold to collision repair shops, also known as body shops, and mechanical repair shops. We also generate a portion of our revenue from scrap sales to metal recyclers. Additionally, we indirectly rely on insurance companies, which ultimately pay for the majority of collision repairs of insured vehicles, to help drive demand. Insurance companies tend to exert significant influence in the vehicle repair decision. Because of their importance to the process, we have formed relationships with certain insurance companies in North America for which we are designated a preferred products supplier. We are in the process of establishing similar relationships with insurance companies in Europe.

We obtain the majority of our aftermarket inventory from automotive parts manufacturers and distributors primarily based in the U.S., the U.K. and other European countries, Taiwan and China. We procure recycled automotive products mainly by purchasing salvage vehicles, typically severely damaged by collisions and primarily sold at salvage auctions or pools, and then dismantling and inventorying the parts. The refurbished and remanufactured products that we sell, such as wheels, bumper covers, lights and engines, originate from the salvage vehicles bought at auctions and from parts received in trade from customers purchasing replacement products from us.

We believe that we provide customers (and indirectly insurance companies) with a value proposition that includes high quality products at a lower cost than new OEM products, extensive product availability due to our expansive distribution network, responsive service and quick delivery. The breadth of our alternative parts offerings allows us to serve as a "one-stop" solution for our customers looking for the most cost effective way to provide quality repairs.

We strive to be environmentally responsible. Our recycled automotive products provide an alternative to the manufacture of new products, which would require the expenditure of more resources and energy and would generate additional pollution. In addition, we save landfill space because the parts that we recycle would otherwise be discarded. We also collect materials, such as metals, plastics, fuel and motor oil, from the salvage vehicles that we procure, and use them in our operations or sell them to other users.

HISTORY

Since our formation in 1998, we have grown through internal development and over 170 acquisitions. Today, LKQ is the only supplier of alternative parts for the automotive collision and mechanical repair industry with a network and presence serving most major markets in the U.S. and Canada. We are also a leading supplier of automotive aftermarket products in the U.K. and the Netherlands.

Initially formed through the combination of a number of wholesale recycled products businesses located in Florida, Michigan, Ohio and Wisconsin, LKQ grew to be a leading source for recycled automotive collision and mechanical products. We subsequently expanded through acquisitions of aftermarket, recycled, refurbished and remanufactured product suppliers and manufacturers, and also expanded into the self service retail business. We expanded our aftermarket automotive products through our 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.

In October 2011, we expanded our operations into the European automotive aftermarket business through our acquisition of Euro Car Parts Holdings Limited ("ECP"). We further expanded our geographic presence into continental Europe in May 2013 through our acquisition of Sator, a vehicle mechanical aftermarket parts distribution company based in the Netherlands, with operations in the Netherlands, Belgium and Northern France. Our European product offerings are primarily focused on vehicle aftermarket mechanical products, many of which are sourced from the same suppliers that provide products to the OEMs. The expansion of our geographic presence beyond North America into the European market offers an opportunity to us, as that market has historically had a low penetration of alternative collision parts.

In addition to our acquisition of Sator, we made 19 acquisitions during 2013, including 10 wholesale businesses in North America, 7 wholesale businesses in our European segment and 2 self service operations. Our European acquisitions included five automotive paint distribution businesses in the U.K., which enabled us to expand our collision product offerings. Our other acquisitions completed during 2013 enabled us to expand into new product lines and enter new markets.

In August 2013, we entered into an agreement with Suncorp Group, a leading general insurance group in Australia and New Zealand, to develop an alternative vehicle replacement parts business in those countries. Under the terms of the agreement, we will contribute our experience to help establish automotive parts recycling operations and to facilitate the procurement of aftermarket parts, while Suncorp will supply salvage vehicles to the venture as well as assist in establishing relationships with repair shops as customers. Our investment will expand our geographic presence into Australia and New Zealand and will provide the opportunity to establish a leadership position in the supply of alternative parts in those countries.

On January 3, 2014, we completed our acquisition of Keystone Automotive Holdings, Inc. (“Keystone Specialty”). Keystone Specialty is a leading distributor and marketer of specialty aftermarket equipment and accessories in North America serving the following six product segments: truck and off-road; speed and performance; recreational vehicle; towing; wheels, tires and performance handling; and miscellaneous accessories. Our acquisition of Keystone Specialty allows us to enter into new product lines and increase the size of our addressable market. In addition, we believe that the acquisition creates potential logistics and administrative cost synergies and cross-selling opportunities.

Also in January 2014, we completed the acquisition of a U.S. based distributor of automotive cores as well as new and remanufactured mechanical automotive replacement parts. We believe this acquisition will expand our core and remanufactured product mix and will allow us to expand our product offering to include certain parts also purchased by OEMs. In February 2014, we acquired a wholesale salvage operation and a self service operation in North America, which we believe will expand our market share in the respective markets.

STRATEGY

We are focused on creating economic value for our stockholders by enhancing our position as a leading source for alternative collision and mechanical repair products, and by expanding into other product lines and businesses that may benefit from our operating strengths. We believe a supply network with a broad inventory of quality alternative collision and mechanical repair and other products, high fulfillment rates and superior customer service provides us with a competitive advantage.

Other than OEMs, the competition in the markets that we serve is extremely fragmented and the supply of products tends to be localized, often leading to low fulfillment rates, particularly with recycled products. In North America, the distribution channels for aftermarket and refurbished products have historically been distinct and separate from those for recycled and remanufactured products despite serving the same customer segment. We provide value to our customers by bringing these two channels together to provide a broader product offering and more efficient distribution process.

To execute our strategy in North America, we are expanding our network of parts warehouses and dismantling plants in major metropolitan areas and employing a distribution system that allows for order fulfillment from regional warehouses located across the U.S. and Canada. By increasing local inventory levels and expanding our network to provide timely access to a greater range of parts, we have increased fulfillment rates beyond the levels that we believe most of our competitors realize, particularly for recycled products.

Sources of high quality, reliable alternatives to OEM products are important to insurance companies and to our direct customers as they seek to control repair costs. Lower parts costs and quicker completion of orders save money and reduce cycle times. In order to execute this strategy and build on our progress thus far, we will continue to seek to expand into new markets and to improve penetration both organically and through acquisitions in targeted markets.

Extensive in-place network

We have invested significant capital to develop a network of alternative parts facilities across North America. We believe our extensive network gives us a distinct ability to benefit the major automobile insurance companies, which are generally operated on a national or regional level. The use of our products lowers the cost of repairs, decreases the time required to return the repaired vehicle to the customer, and provides a replacement product that is of high quality and comparable performance to the part replaced, all of which are favorable to insurance companies. Additionally, the difficulty and time required to obtain proper zoning, as well as dismantling and other environmental permits necessary to operate newly-sited recycled facilities, would make establishing a new network of recycled locations a challenge for a competitor. In addition, there are difficulties associated with recruiting and hiring an experienced management team that has strong industry knowledge.

We are attempting to utilize a similar strategy in Europe with our acquisitions of ECP and Sator in the past three years. These companies have a national presence in their respective countries, and we are working to integrate the operations to take advantage of shared procurement, warehousing and product offerings.

Strong business relationships

We have developed business relationships with key constituents, including automobile insurance companies, suppliers and other industry participants. Insurance companies, as payers for many repairs, take active roles in the selection of alternative replacement products for vehicle repairs in order to minimize the repair portion of the claims costs and reduce cycle time. We also work with insurance companies and vehicle manufacturers to procure salvage vehicles directly from them on a selected basis, which provides us with an additional source of supply and offers lower transaction costs to sellers of low value salvage vehicles.

We also provide quality assurance programs that offer additional product support to automobile insurance companies. These product support programs identify specific subsets of aftermarket products by vendor and product type that can be used in the repair of vehicles that these companies insure. The programs typically offer aftermarket products that have been produced by manufacturers certified by a third party testing lab. We may provide additional validation of the quality of the products beyond our standard warranties, and identification details that make the products traceable back to a manufacturer's specific production run.

Broad product offering

We maintain a broad product offering of vehicle replacement products across our operations in North America and Europe. The breadth and depth of our inventory reinforces LKQ's ability to provide a "one-stop" solution for our customers' alternative vehicle replacement product needs. Customers place a high value on the availability of a broad range of vehicle replacement products. In our North American operations, we are able to provide the collision and mechanical repair industry with premium products at costs typically 20% to 50% below new OEM replacement products. The availability of alternative products means that automobiles can be repaired with lower parts costs, and in some instances, reduced labor costs. In fact, many insurance companies in North America will not authorize the use of higher cost, new OEM replacement products if alternative products are available because the use of alternative products provides insurers a method to manage and reduce total repair costs. Some insurance companies designate us as a preferred supplier for their affiliated repair shops because of our ability to provide these products. With our distribution network that reaches most of the major markets in the U.S. and Canada, combined with our extensive range of products, we believe we are the only supplier that is able to support the insurance industry in this manner. We believe we are well-positioned in Europe to develop a similar distribution network of a broad product offering to support insurance companies in that market.

High fulfillment rates

We manage local inventory levels to improve delivery time and maximize customer service. Improving local order fulfillment rates reduces transfer costs and delivery times, and improves customer satisfaction. Our ability to move inventory throughout our distribution networks increases the availability of replacement products and also helps us to fill a higher percentage of our customers' requests.

We deploy inventory management systems at our facilities that are similar to those used by leading distribution companies. We make extensive use of bar code technology and wireless data transmission to track parts from the time a vehicle or product arrives at a facility to its placement on a truck for delivery to the customer. With this real-time information, we are able to actively monitor inventory levels throughout our distribution channels.

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. We continue to develop our technology to better manage and analyze our inventory, assist our salespeople with up-to-date pricing and availability of our

products, and further enhance our inventory procurement process. For example, our bidding specialists responsible for procuring vehicles are equipped with a proprietary software application that compares the vehicles at the salvage auctions to our current inventory, historical demand, and recent average selling prices to arrive at an estimated maximum bid. This bidding system reduces the likelihood of purchasing unneeded parts that might result in obsolete inventory.

We employ proprietary methodologies and information systems to help us identify high demand aftermarket and recycled products. Our aftermarket inventory systems track products sold and sales lost due to a lack of inventory, and make purchase recommendations based on this information. The inventory systems also recommend purchases and transfers based on the extent and location of demand, as well as other replenishment factors. When we procure aftermarket products or refurbish collision replacement products such as wheels, bumper covers and lights, we focus on products that are in the most demand at all levels of the automotive parts value chain including the professional repair market, the jobber market and the general insured repair market. Because lead times may take 40 days or more on imported products, sales volume and in-stock inventory are important factors in the procurement process. We use historical sales records of vehicles by model and year to estimate the demand for our products. We also analyze new vehicle designs that are expected to come to market to assure that we are working with suppliers to project future supply and demand trends. Combining this information with proprietary data that aggregate customer requests for products, we are able to source aftermarket products and salvage vehicles at prices that we believe will allow us to sell products profitably.

NORTH AMERICA SEGMENT

Wholesale Automotive Products

Our wholesale automobile product operations in North America are organized by geographic regions serving the U.S. and Canada that sell all four product types (aftermarket, recycled, refurbished and remanufactured parts) to collision and mechanical automobile repair businesses. Our combined distribution channels for our alternative parts offerings leverage our facility and warehouse costs and improve local product availability by locating multiple product operations together. Our aftermarket product operations may include a combination of sales, warehousing and distribution, and in many cases will be co-located with our refurbishing operations. Our salvage operations typically have processing, sales, distribution and administrative operations on site, indoor and outdoor storage areas, and include a large warehouse with multiple bays to dismantle vehicles. Our engine remanufacturing operations are conducted primarily at our facility in Mexico, with sales, warehousing and distribution operations in the U.S. As of December 31, 2013, our North American wholesale operations conducted business from 325 facilities.

Wholesale Aftermarket Products

Our 2013 sales included more than 96,000 SKUs of aftermarket automotive products, excluding refurbished products, for the most common models of domestic and foreign automobiles and light trucks, primarily for the repair of vehicles three to twelve years old. Our principal aftermarket product types consist of those most frequently damaged in collisions, including bumper covers, automotive body panels and lights. In recent years, our expansion into complementary product types, such as paint and cooling products, contributed to the increase in our available products and has allowed us to better meet our customers' repair needs.

Platinum Plus is our exclusive product line offered in the Keystone brand of aftermarket products. The Platinum Plus products are held to high quality standards and tested by quality assurance teams or independent third parties. We also developed a product line called "Value Line" for more value conscious, often self-pay, consumers. Our Value Line products offer quality products at reasonable prices, providing additional choices for repairs or rebuilding of vehicles.

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 functional equivalence of aftermarket collision replacement products to OEM collision replacement products. Members of CAPA and NSF include insurance companies, product distributors (including LKQ), collision repair shops and consumers. CAPA and NSF develop engineering specifications for aftermarket collision replacement products based upon examinations of OEM products; certify the factories, manufacturing processes and quality control procedures used by independent manufacturers; and certify the materials, fit and finish of specific aftermarket collision replacement products.

LKQ is certified under the NSF International Automotive Parts Distributor Certification Program, which addresses the needs of collision repair shops and insurers by maintaining quality management systems to address part traceability, service and quality. This certification program complements the existing parts certification program with NSF under which LKQ has a broad range of certified automotive collision replacement parts. Many major insurance companies have adopted policies recommending or requiring the use of products certified by CAPA or NSF. A number of CAPA and NSF certified products are also marketed under the Platinum Plus brand.

We distribute paint and other materials used in repairing damaged vehicles, including sandpaper, abrasives, masking products and plastic filler. The paint and other materials distributed by us are purchased from numerous suppliers in the U.S. and Canada.

Procurement of Inventory

The aftermarket products we distribute are purchased from independent manufacturers and distributors located primarily in the U.S. and Taiwan. In 2013, approximately 46% of our aftermarket purchases were made from our top five vendors, with our largest vendor providing approximately 12% of our inventory. 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 2013. We purchased approximately 44% of our aftermarket products in 2013 directly from manufacturers in Taiwan and other Asian countries. Approximately 56% of our aftermarket products were purchased from vendors located in the U.S. and Canada, however, we believe the majority of these products were manufactured in Taiwan, Mexico or other foreign countries. We have business arrangements with manufacturers to produce certain of our products. These agreements automatically renew for additional 12 month periods unless written notice is given. While we compete with other distributors for production capacity, we believe that our sources of supply and our relationships with our suppliers are satisfactory.

We usually receive orders from domestic suppliers within ten days from the date ordered. Foreign orders typically are shipped in sea containers directly to certain of our aftermarket locations, and are received within 40 to 65 days from the date ordered. We operate an aftermarket parts warehouse in Taiwan that aggregates inventory from certain of our vendors for shipment to our North American locations. As of December 31, 2013, we operated 24 regional hubs and three distribution centers, which act as sources for our warehouse locations that do not receive containers directly and serve as redistribution centers for our operations. This structure is designed to maximize our fulfillment rates as smaller branches can have a high fill-rate of next day availability.

Wholesale Recycled Products

Our recycled products include engines, transmissions, door assemblies, sheet metal products such as trunk lids, fenders and hoods, lights and bumper assemblies. Some insurance companies mandate that the recycled products must be of the same model year or newer as the vehicle being repaired. As a result, the majority of the products we sell are from vehicles not more than ten years of age. Installing recycled products often means that collision shops not only save on product cost, but, because several products may come pre-assembled, the shops are also able to reduce labor costs.

Procurement of Inventory

We procure recycled products for our wholesale operations by acquiring damaged or totaled vehicles. Vehicles that have been declared "total losses" typically are sold at regional salvage auctions throughout the U.S. and Canada. Salvage auctions charge fees both to the suppliers of vehicles, primarily insurance companies, and to the purchasers. Additionally, we typically pay third parties fees to tow the vehicles from the auction to our facilities.

The availability of the salvage vehicles we procure for our late model recycled product operations may be impacted by a variety of factors, including the production level of new vehicles (which provides the source from which salvage vehicles ultimately come) and the portion of damaged vehicles declared total losses. Over the past several years, the frequency with which vehicles are declared total losses has increased as a result, we believe, of the rise in repair costs relative to vehicle replacement cost and salvage vehicle prices. In 2000, approximately 9% of accident claims resulted in a total loss; by 2013, this percentage increased to almost 14%. Additionally, sales of new vehicles have increased since 2010 and are projected to continue to increase over the next five years, which should result in a greater volume of salvage vehicles at auction.

In 2013, we acquired 273,000 salvage vehicles for our wholesale recycled product operations, primarily from salvage auctions. Prior to the scheduled auction date, our salvage buyers may preview the auctions online to investigate the vehicles to be sold and determine our interest in buying them. They obtain key information such as the model and mileage, and perform visual damage assessments to determine which parts on the targeted vehicles are recyclable. With the data from this preview, we deploy a bidding system that performs a valuation calculation for each vehicle. In order to recommend a maximum bid price, the calculation incorporates demand for a vehicle's recyclable parts, current inventory levels, average selling prices, auction costs, projected margins and instances of out-of-stock. Using this disciplined supply and demand procurement approach, we place bids on the targeted vehicles.

Vehicle Processing

Vehicle processing for our wholesale recycled operations involves dismantling a salvage vehicle into recycled products that are ready for sale. When a salvage vehicle arrives at one of our facilities, an inventory specialist identifies, catalogs, and schedules the vehicle for dismantling. Prior to dismantling, we remove from each vehicle its fluids, Freon, and parts containing hazardous substances or precious metals such as catalytic converters. 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. A small portion of the recycled motor oil we collect is used at certain of our plants that have high-efficiency oil burning furnaces; the balance is sold to motor oil recyclers.

When ready for dismantling, each vehicle has an inventory report that indicates to the dismantler which parts should be removed and placed in a warehouse for future sales to customers, which parts should be collected in bulk for our refurbishing and remanufacturing operations or for sale to parts remanufacturers, and which parts have value but should remain on the vehicle until sold. We utilize bar coding systems and wireless transmission to keep track of inventory from the time a product is removed and inventoried, to the time it is sold and put on a truck for delivery.

Refurbished and Remanufactured Products

As of December 31, 2013, we operated 23 plastic bumper and bumper cover refurbishing plants, a chrome bumper plating plant, 11 wheel refurbishing plants, a light refurbishing plant and four engine remanufacturing facilities.

When identifying the products that we refurbish or remanufacture, we focus on products that have high demand. The majority of our refurbished and remanufactured products are processed from cores obtained from salvage vehicles purchased by our recycled operations and damaged cores collected by our route delivery drivers from vehicles under repair by our customers. These products are accumulated from our wholesale operations at our core sorting facilities, and are then either sent to our refurbishing or remanufacturing facilities or sold in bulk to other mechanical remanufacturers.

Most of our refurbished and remanufactured products are sold through our wholesale distribution channels. The balance is sold to retail automotive stores, wholesale distributors and via internet sales.

Heavy-Duty Truck Products

As of December 31, 2013, we operated a total of 26 heavy-duty truck facilities in the U.S. and Canada. Our inventory is composed of used heavy- and medium-duty trucks, usually at least five years old, which are purchased at salvage and truck auctions or directly from insurance companies or large fleet operators. During 2013, we purchased approximately 8,000 vehicles. Depending on the condition of the vehicles, they may be dismantled for parts or resold as running vehicles. If certain mechanical parts are damaged, such as transmissions, we may remanufacture them and offer them to our customers. The vehicles that are acquired for resale are typically special purpose or vocational use trucks such as those used for garbage pickup or cement delivery. If requested by the sellers of the vehicles, we provide an assurance that the vehicles will be sold to foreign buyers and exported to countries for use outside of the U.S., or to domestic buyers after the vehicles have been reconditioned and modified for use other than their original purpose.

Scrap and Other Materials

Our wholesale recycled product operations generate scrap metal and other materials that we sell to recyclers. Vehicles that have been dismantled for recycled products and "crush only" end of life vehicles acquired from other companies, including OEMs, 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 salvage 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. Customers of our heavy-duty truck products may also include owner/operators, local cartage companies, or exporters. We also generate a portion of our revenue from scrap sales to metal recyclers. No single customer accounted for 2% or more of our revenue in 2013.

Repair Shops and Others

We sell the majority of our wholesale products to collision and mechanical repair shops. Industry reports estimate there were approximately 40,000 collision repair shops, including those owned by new car dealerships, in the U.S. in 2012. The same reports estimate there were approximately 77,000 general (including mechanical) repair garages, excluding new car dealership service departments, in the U.S. in 2012. 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. We also sell our products to car rental companies and fleet management groups.

Insurance Companies

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.

Our presence in most major markets in the U.S. and Canada gives us a distinctive ability to benefit the major automobile insurance companies. Insurance companies generally operate at a national or regional level. The use of our products provides a direct benefit to these 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.

We assist insurance companies by providing high quality aftermarket, recycled, refurbished and remanufactured products to collision repair shops, especially to repair shops that are part of an insurance company's Direct Repair Program ("DRP") network. A repair shop participating in a DRP is referred potential work from the insurance company in exchange for providing assurances to the insurance company of quality, timeliness and cost. Industry reports indicate that over half of claims paid for by the top insurance companies in 2012 were paid through a DRP, compared to 42% in 2009. To meet the needs of the DRPs, professional repairers have been required to become fluent in claims handling. We offer our repair shop customers access to our proprietary system, Keyless, which provides a link between their estimating systems and our inventory to identify the availability of alternative products for use in their repair. This data also helps insurance companies monitor the body shops' compliance with its DRP product guidelines that might, for instance, stipulate the use of the lowest cost products that meet quality specifications. In addition, in some markets insurance companies are able to dispose of low value total loss vehicles directly to us so they can save the transaction fees associated with selling these vehicles through salvage auctions.

Sales and Marketing

In the case of repairs paid for as a result of insurance claims, which industry publications estimate are approximately 85% of all repairs, insurance companies give collision repair shops directives as to what type of replacement products are eligible for reimbursement. Typically insurance carriers have established a hierarchy or decision tree prioritizing the types of products to be used for repairs. As an example, a protocol may require recycled products if available; if recycled products are not available, then refurbished products; and, if recycled or refurbished products are not available, aftermarket products. If none of these alternative product types is available, the shop may then use new OEM replacement products. As a body shop looks for products for a repair, the sourcing of products typically begins with a call to one of our recycled operations or one of our competitors. Our recycled sales personnel are encouraged to capture the sale as a "one-stop shop" and, if recycled products are out of stock, to fill orders from our refurbished or aftermarket product inventory. 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.

As of December 31, 2013, we had approximately 2,150 full-time sales staff in our North American wholesale operating segment. The full time sales personnel are located at sales desks at our facilities or at one of the regional call centers we operate. We deploy a call routing system that redirects overflow calls to alternative call centers, typically located within the same region. We also operate two other call centers, one to support national accounts, and the other to support insurance adjusters' needs and questions. Our sales personnel are encouraged to initiate outbound calls in addition to the inbound calls they handle. Our sales staff can use customer estimates from our Keyless estimating system to generate sales leads for both aftermarket and recycled products.

We are continually reviewing and revising the pricing of wholesale products. Our pricing specialists consider factors such as recent demand levels, inventory quantity on hand and turnover rates, new OEM product prices and local competitive pricing, with the goal of optimizing revenue. We set list prices and then sell items at a discount to list, with the discount typically based on each customer's purchasing volume. We may adjust prices during the year in response to material price changes of new OEM replacement products.

We believe our commitment to stock inventory in local warehouses, supplemented by the inventory sharing system within our regional trading zones, improves our ability to meet our customers' requirements more frequently than our competitors and gives us a competitive advantage.

Distribution

We have a distribution network of 325 wholesale plants and warehouses across the U.S. and Canada as of December 31, 2013, of which 57 function as large hub or cross dock facilities. Our network of facilities allows us to develop and maintain our relationships with local repair shops while providing a level of service that is made possible by our nationwide presence. 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 have developed an internal distribution network to allow our sales representatives to sell our products within regional trading zones, thus improving our ability to fulfill customer requests and accelerating inventory turnover. Each weekday we operate over 300 transfer runs between our cross dock facilities and our plants and warehouses within our regional trading zones to redistribute our alternative products for delivery on the next day. In addition, we have approximately 2,700 local delivery routes serving our customers each weekday.

Each sale results in the generation of a work order at the location housing the specific product. A dispatcher is then responsible for ensuring fulfillment accuracy, printing the final invoice, and including the product on the appropriate truck route for delivery to the customer. In markets where we offer more than one alternative product type, we are integrating the delivery of multiple product types on the same delivery routes to help minimize distribution costs and improve customer service. We operate a delivery fleet of medium-sized trucks and smaller trucks and vans. Over time, we expect that our delivery vehicles will become more consistent as we reconfigure the fleet to include vehicles that can carry all four product types.

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 believe the principal areas of differentiation in our industry include availability of inventory, pricing, product quality and service.

The aftermarket product distribution business is highly fragmented and our competitors, other than OEMs, are generally independently owned distributors with one to three distribution centers. Similarly, we compete with domestic vehicle product recyclers, most of which are single-unit operators. In some markets, smaller competitors have organized affiliations to share marketing and distribution resources, including internet sites. 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 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.

Manufacturers of new original equipment products sell the majority of automobile collision replacement products. We believe, however, that the insurance and repair industries recognize advantages of using aftermarket, recycled, refurbished and remanufactured products for collision repairs. Industry sources estimate that alternative collision parts usage in the United States is approximately 37% to 38% currently. We compete with OEMs primarily on the basis of price and, to a lesser extent, on service and product quality.

Self Service Retail Products

Our self service retail operations sell parts from older cars and light-duty trucks directly to consumers. In addition to revenue from the sale of parts, core and scrap, we charge a nominal admission fee to access the property. Our self service facilities typically consist of a fenced or enclosed area of several acres with vehicles stored outdoors and a retail building through which customers are able to access the yard. As of December 31, 2013, we conducted our self service operations from 65 facilities in North America, most of which operate under the name "LKQ Pick Your Part."

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 quality than the salvage vehicles we purchase for our wholesale recycled product operations. In 2013, we purchased approximately 513,000 lower cost self service and "crush only" vehicles.

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 fluids, Freon, catalytic converters and hazardous materials. Vehicles are then placed in the yard for customers to remove parts. The vehicle inventory is usually organized according to domestic and import cars (further organized by make), passenger vans and trucks. 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 75 days, generally depending on the capacity of the yard, before it is crushed and sold to scrap metal processors. By maintaining a relatively short turnover period, we ensure that our inventory is continually updated with different car options or removed from the yard when the saleable parts are depleted.

Scrap and Other Materials

Our self service auto recycling 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, including OEMs, are typically crushed using equipment on site.

Customers

The customers of our self service yards are frequently do-it-yourself mechanics, small independent repair shops servicing older vehicles, and auto rebuilders. 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.

Sales and Marketing

We list part prices for automobiles and light-duty trucks on regularly updated price sheets, with prices varying by part type, but not by make or model. For instance, four cylinder engines are priced the same regardless of vehicle make, model, age or condition. While we do not consider retail automotive chains to be our direct competitors, as their product offerings are focused on maintenance products and mechanical parts, we may reference their prices on certain parts as a benchmark to ensure our prices remain competitive.

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.

EUROPE SEGMENT

Wholesale Automotive Products

Our European wholesale operating segment was formed in the fourth quarter of 2011 with our acquisition of ECP, a leading distributor of automotive aftermarket parts in the U.K. ECP has approximately 7,000 employees with a large customer base of both commercial and retail accounts. More than 80% of ECP's revenue comes directly from the professional repair segment. ECP's main national distribution center supports its regional hubs and branch network with daily replenishment of stock, providing our customers with what we believe to be the highest in-stock rate in the U.K. We continued to expand ECP's distribution network in 2013 by opening 15 new ECP locations in the U.K. As of December 31, 2013, we operated 171 selling locations, including aftermarket parts branches and paint distribution locations, supported by a national distribution center and 12 regional hubs (many of which are co-located with selling locations), which allows us to reach most major markets within the U.K.

To further expand our European segment, in May 2013 we acquired Sator. Headquartered in Schiedam, the Netherlands, Sator is a market leading distributor of automotive aftermarket parts in Western Europe. Sator has over 800 employees at 11 distribution centers that serve a diverse base of repair shops through our warehouse distributor customers. In 2013, Sator's sales included 135,000 SKUs. Sator generates approximately 90% of its revenue from sales in the Netherlands and Belgium, with the remainder in Northern France and other European countries. The acquisition of Sator expands LKQ's European footprint, further expands our European distribution network and provides a potential platform to capitalize on the large and fragmented mechanical replacement part markets in Europe. Sator also complements our existing ECP operations in the U.K. by allowing for the potential realization of cost savings from the leveraging of our combined purchasing power given the significant overlap in suppliers and product mix.

In March 2012, we launched our European aftermarket collision parts program through our ECP branch network. We believe the historically low alternative collision parts usage percentage in Europe, which is currently less than 10%, provides an opportunity for us in this segment, particularly as insurance companies look to lower their costs. To further our commitment to expanding our European alternative collision parts program and becoming a leading one-stop shop supplier to the collision repair industry in the U.K., in August 2013 we acquired five paint distributors that reach most markets within the U.K.

With their respective distribution networks, IT infrastructure and unique customer base, we believe ECP and Sator will serve as a platform to expand into complementary products to increase market penetration in this segment, as well as to further develop a collision repair parts business throughout Europe similar to our wholesale operations in North America.

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; oil and automotive fluids; and filters. In 2013, our top six suppliers represented 25% of our inventory purchases, with our top

supplier representing approximately 8% of our purchases. No suppliers outside of our top six suppliers provided more than 2% of our purchases during 2013.

The aftermarket products we distribute are purchased from vendors located primarily in the U.K. and continental Europe. In 2013, we purchased 89% of our products from companies in Europe. The remaining 11% of our 2013 purchases were sourced from vendors located primarily in China or Taiwan, some of which also supply collision parts for our Wholesale - North American operations.

Customers

In our U.K. operations, we sell the majority of our products to nearly 50,000 customers primarily consisting of professional repairers, including both independent mechanical repair shops and collision repair shops. In addition to our sales to repair shops, 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. This retail component of ECP's business has historically represented less than 10% of its revenue.

While Sator currently operates under a traditional three-step distribution model in which our immediate customer is the local warehouse distributor, the demand for our products is driven by the needs of the same professional repairers we service in our ECP operations. During 2013, we supplied over 9,500 repair shops through over 450 local warehouse distributor customers. Sator markets directly to the mechanical repair shops through fliers and other promotional materials and provides software to the repair shops, which the shops need for their operations.

Sales and Marketing

ECP's customers will generally call a sales representative at the nearest branch to place an order. Using an electronic automotive exchange and our integrated IT platform displaying inventory availability, our sales representatives locate the appropriate replacement part for a customer. We set list prices for our products, and then apply a discount off of list, primarily depending on each customer's purchasing volume. In 2012, we launched a business-to-business website with certain of our customers to enable them to place product orders online through a customized interface that includes detailed parts specifications, customer-specific pricing, and local branch availability and account information. We believe this customer interface will result in fewer parts returns by improving order accuracy and will also reduce the time required by parts specialists to advise customers. Whether placed via a phone order or online, customer orders are filled from the local branch or routed to another location as necessary to fill the order.

Sator's sales and marketing platform is a proprietary stock management system that provides repair shops, jobbers and end users with an efficient system for ordering from our product catalog directly online. Through this online system, Sator is able to actively monitor inventory levels at all stages in the aftermarket automotive parts value chain in its markets. Sator offers products from six operating subsidiaries which include Van Heck & Co, Havam, Nipparts, Pauwels, Harrems Tools, and Belgian Van Heck Interpieces, operating as commercially independent units.

Similar to our North American wholesale operations, insurance companies significantly influence the purchasing decisions for collision products in Europe. As a result, we are attempting to establish business relationships with insurance companies and implement insurer-based marketing models in the U.K. by emphasizing the cost savings that can be achieved through the use of alternative parts. As we continue to grow our collision parts offerings in the U.K., we believe we will be well-positioned to serve as a lower-cost alternative for insured repairs throughout Europe given the majority of U.K. carriers offer coverage in multiple European countries outside of the U.K.

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 (in our ECP operations) or at local warehouse distributor customers (in our Sator 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 ECP operations, we also sometimes employ a third party motorcycle fleet to deliver parts from our branch locations to nearby repair shop customers; as a result, our ECP branches can deliver certain in-stock parts within one hour.

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 ECP and Sator that can reach the majority of repair shop customers within the required delivery time. 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.

EMPLOYEES

As of December 31, 2013, we had approximately 23,800 employees. We are a party to a collective bargaining agreement with a union that represents 42 employees at our Totowa, New Jersey facility. Approximately 680 of our employees at our bumper refurbishing and engine remanufacturing operations in Mexico and 170 of our employees at our recycled parts facility in Quebec City, Canada are also represented by unions. Other than these locations, none of our employees is a member of a union or participates in other collective bargaining arrangements. We consider our employee relations to be good.

FACILITIES

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. Our European operations maintain procurement, accounting and finance functions in Wembley, outside of London, England and in Schiedam, Netherlands. In addition to these offices, we have numerous operating facilities that handle wholesale and self service retail product operations. We operate out of more than 570 locations in total, most of which are leased. Many of our locations stock multiple product types or serve more than one function.

Included in our total locations are 172 facilities in the U.K., including the 500,000 square foot national distribution center in Tamworth that houses inventory to supply the hubs and branches of our U.K. operations. We also operate 30 facilities in Canada, 11 facilities in continental Europe, five facilities in Central America, and a facility in Mexico. Additionally, we operate an aftermarket parts warehouse in Taiwan to aggregate inventory for shipment to our locations in North America.

INFORMATION TECHNOLOGY

In our North American operations, our aftermarket operations use a third party enterprise management system. Additional third party software packages have been implemented 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 eCommerce tools to enhance our online business-to-business initiatives—OrderKeystone.com and Keyless. The systems used by our aftermarket operations are also used by all of our refurbishing operations.

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.

We operate a single enterprise system for all of our heavy-duty truck operations that supports inter-region sales to reduce the potential for lost sales due to out-of-stock parts. We are also transitioning to a single IT platform to support our remanufacturing operations. We operate an internally-developed point of sale system in our self service retail operations, which allows enhanced management reporting as well as improved system reliability.

Our aftermarket operations in the U.K. use a single integrated IT platform for our purchasing, branch stock, and finance activities, which are further supported by a distribution center system to manage inventory movement. Our aftermarket operations in continental Europe use several IT systems, which are linked to transfer data between systems, to manage customer orders and inventory movement, and for financial reporting purposes.

The hardware that supports the systems used in our operations is located in offsite data centers. The centers are in secure environments with around-the-clock monitoring, redundant power backup, and multiple, diverse data and telecommunication routing. We use separate third party provided software for our financial systems such as financial and budget reporting, general ledger accounting, accounts payable, payroll, and fixed assets. We currently protect our local customer, inventory, and corporate consolidated data, such as financial information, e-mail files, and other user files, with daily backups. These backups are stored off site with a third party data protection vendor. Additionally, we restrict access to customer, employee and vendor data to those users that have permission granted to them as part of their job function. Customer credit card information is not stored, and the card information is encrypted when it is processed for authorization.

We continually evaluate our systems with the goal of ensuring that all critical systems remain scalable and operational as our business grows.

REGULATION

Environmental Compliance

Our operations and properties are subject to extensive laws and regulations relating to environmental protection and health and safety in the U.S. as well as other countries in which we operate. These environmental laws govern, 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 have made and will continue to make capital and other expenditures relating to environmental matters. 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.

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. Environmental laws are complex, change frequently and have tended to become more stringent over time. Accordingly, environmental laws may change or become more stringent in the future in a manner that could have a material adverse effect on our business.

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.

In addition, 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, even if these owners or operators did not know of and were not responsible for such 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.

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 addition, at times we, or sellers from whom we purchased a business, have undertaken remediation projects. We do not anticipate, based on currently available information and current laws, that we will incur liabilities in excess of reserves to address environmental matters. However, in the event we discover new information or if laws change, we may incur significant liabilities, which may exceed our reserves.

Title Laws

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.

Anti-Car Theft Act

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.

Legislation Affecting Automotive Repair Parts

Most states have laws relating to the use of aftermarket products in motor vehicle collision repair work. The provisions of these laws include 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. Some jurisdictions have laws that regulate the sale of certain recycled products that we provide, such as airbags. Additional laws of this kind may be enacted in the future. An increase in the number of states passing such 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 and recycled automotive products used in the course of collision repair.

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 collision products because there are more weather related accidents, which generate repairs.

ITEM 1A. RISK FACTORS

Risks Relating to Our Business

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

In recent years, worldwide economic conditions have deteriorated significantly in many countries and regions, including the United States, and such conditions may worsen in the foreseeable future. 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. 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 interest rate swap 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 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. 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 like us. The OEMs are therefore in a position 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, OEMs have experimented with reducing prices on specific products to match the lower prices of alternative products. If such price reductions were to become widespread, it could have a material adverse impact on our business.

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

OEMs 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.

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 settlement arrangement that expires in March 2015. 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 relating to the Dodge Ram pickup truck. The Chrysler case is pending.

To the extent OEMs 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.

An adverse change in our relationships with our suppliers or auction companies could increase our expenses and impede our ability to serve our customers.

Our business is dependent on a relatively small number of suppliers of aftermarket products, a large portion of which are sourced from Taiwan. 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. 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. 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 manufacturers 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 others. 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.

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.

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

Our success depends, in part, on the acceptance and promotion of alternative parts usage by automotive insurance companies. Alternative parts usage has generally increased over the past ten years but has stabilized recently. There can be no assurance that such usage will be maintained or will increase in the future. In addition, in some places we operate, alternative parts usage is relatively low. 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.

We may not be able to sell our products due to existing or new laws and regulations prohibiting or restricting the sale of aftermarket, recycled, refurbished or remanufactured products.

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. In addition, the Federal Trade Commission (FTC) 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.

Most states have passed laws that prohibit or limit the use of aftermarket products in collision repair work and/or require enhanced disclosure or vehicle owner consent before using aftermarket products in such repair work. 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.

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 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 as we grow. 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 affects 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.

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 the expectations of public market analysts and investors, which could cause our stock price or the value of our debt instruments to decline.

Fluctuations in the prices of metals or shipping costs 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 used 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 price of steel is a component of the cost to manufacture products for our aftermarket business. We incur substantial freight costs to import parts from our suppliers, many of whom are located in Asia. If the cost of steel or freight rose we might not be able to pass the cost increases on to our customers.

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, 2013, our total goodwill subject to future impairment testing was $1.9 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.

We amortize other intangible assets over the assigned useful lives, which is based upon the expected period to be benefited. We review other intangible assets for possible impairment whenever events or 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, 2013, the value of our other intangible assets, net of accumulated amortization, was $154 million.

If the number of vehicles involved in accidents declines or the number of cars being repaired declines, our business could suffer.

Our business depends on vehicle accidents and mechanical failures for both the demand for repairs using our products and the supply of recycled, remanufactured and refurbished parts. Thus, 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, the use of cellular telephones and other electronic equipment by drivers, the use of alcohol and drugs by drivers, the effectiveness of accident avoidance systems in new vehicles, the reliability of new OEM parts, and the condition of roadways. 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 of 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. To the extent OEMs develop or are mandated by law to install new accident avoidance systems, the number and severity of accidents could decrease.

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.

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

Our operating subsidiaries 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.

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

Some of the information technology systems and communication systems we use for management of our facilities and our financial functions are leased from or operated by other companies, while others are owned by us. In the event that the providers of these systems terminate their relationships with us or if we suffer prolonged outages of these or our own systems for whatever reason, we could suffer disruptions to our operations.

In addition, we continually monitor these systems to find areas for improvement. In the event that we decided to switch providers or to implement our own systems, we may also suffer disruptions to our business. We may be unsuccessful in the development of our own systems, and we may underestimate the costs and expenses of 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.

Our business involves the storage of personal information about our customers and employees. We have taken reasonable and appropriate steps to protect this information; however, if we experience a significant data security breach, we could be exposed to damage to our reputation, additional costs, lost sales or possible regulatory action. The regulatory environment related to information security and privacy is constantly changing, and compliance with those requirements could result in additional costs. There is no guarantee that the procedures that we have implemented to protect against unauthorized access to secured data are adequate to safeguard against all data security breaches, and such a breach could potentially have a negative impact on our results of operations and financial condition.

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 ("DC"s) 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 timely provide products to 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 United States 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.

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

We use a fleet of trucks to deliver the majority of the products we sell. We are subject to the risks associated with providing trucking 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 are subject to environmental regulations and incur costs relating to environmental matters.

We are subject to various federal, state, and local 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. We could also become liable if employees or other parties are improperly exposed to hazardous materials.

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.

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. The expenses of a recall and the damage to our reputation 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.

Regulations that may be issued under the Anti-Car Theft Act could harm our business.

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 automotive parts recyclers, including us, that otherwise would not normally exist. It would place similar burdens on repair shops, which may discourage the use of recycled products by such shops.

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

We have operations in the U.K., Canada, Mexico, Taiwan, the Netherlands, Belgium, France, Guatemala and Costa Rica, and we may expand our operations 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 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, Mexico is currently experiencing a heightened level of criminal activity that could affect our ability to maintain our supply of certain aftermarket products.

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 (DRC) or adjoining countries. These new requirements will require ongoing due diligence efforts, with initial disclosure requirements beginning in 2014. 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, the implementation of these rules could have a material adverse effect on our business, results of operations and/or financial condition.

Risks Relating to Our Common Stock and Financial Structure

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.

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 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.

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 31, 2013, we had $1,305.8 million aggregate principal amount of debt outstanding. 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, it 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

As of December 31, 2013, we also had $1,070.6 million of undrawn availability (after giving effect to approximately $45.6 million of outstanding letters of credit) under our revolving credit facility and $80.0 million of undrawn availability under our accounts receivable securitization program. In January 2014, we increased our borrowings under our revolving credit facility by $370 million and borrowed the full amount available under our accounts receivable securitization program, primarily to finance our acquisition of Keystone Specialty. 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 secured credit facilities impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

Our senior secured credit facilities impose 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;
- receive dividend payments or other payments from our restricted subsidiaries;
- engage in transactions with affiliates;
- sell certain assets or merge or consolidate with or into other companies;
- guarantee indebtedness; and
- alter the business that 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 is 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 senior secured credit facilities limit the use of the proceeds from any disposition of our assets; as a result, our senior secured credit facilities may prevent us from using the proceeds from such dispositions to satisfy our debt service obligations.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Certain borrowings under our senior secured credit facilities 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.

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 September 2015. 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.

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. However, turmoil in the credit markets could result in tight credit conditions, which could affect our ability to raise additional funds. 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. If we fail to raise capital when needed, our business may be negatively affected.

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

Credit ratings have an important effect on our cost of capital. The evaluations are based upon, among other factors, our financial strength. 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 notes, preventing a holder from selling the notes at a favorable price, as well as adversely affect our ability to issue new notes in the future.

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

The Office of the District Attorney of Harris County, Texas has been investigating a possible violation of the Texas Clean Water Act in connection with alleged discharges of petroleum products at two of our facilities in Texas. We are in negotiations with the Office of the District Attorney to resolve this matter. The resolution will likely involve a monetary payment to Harris County for the alleged violations at each location. The amount of each payment individually and the amount of the payments in the aggregate are expected to have a de minimis effect on our financial position, results of operations and cash flows.

In addition, 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 consolidated financial statements.

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

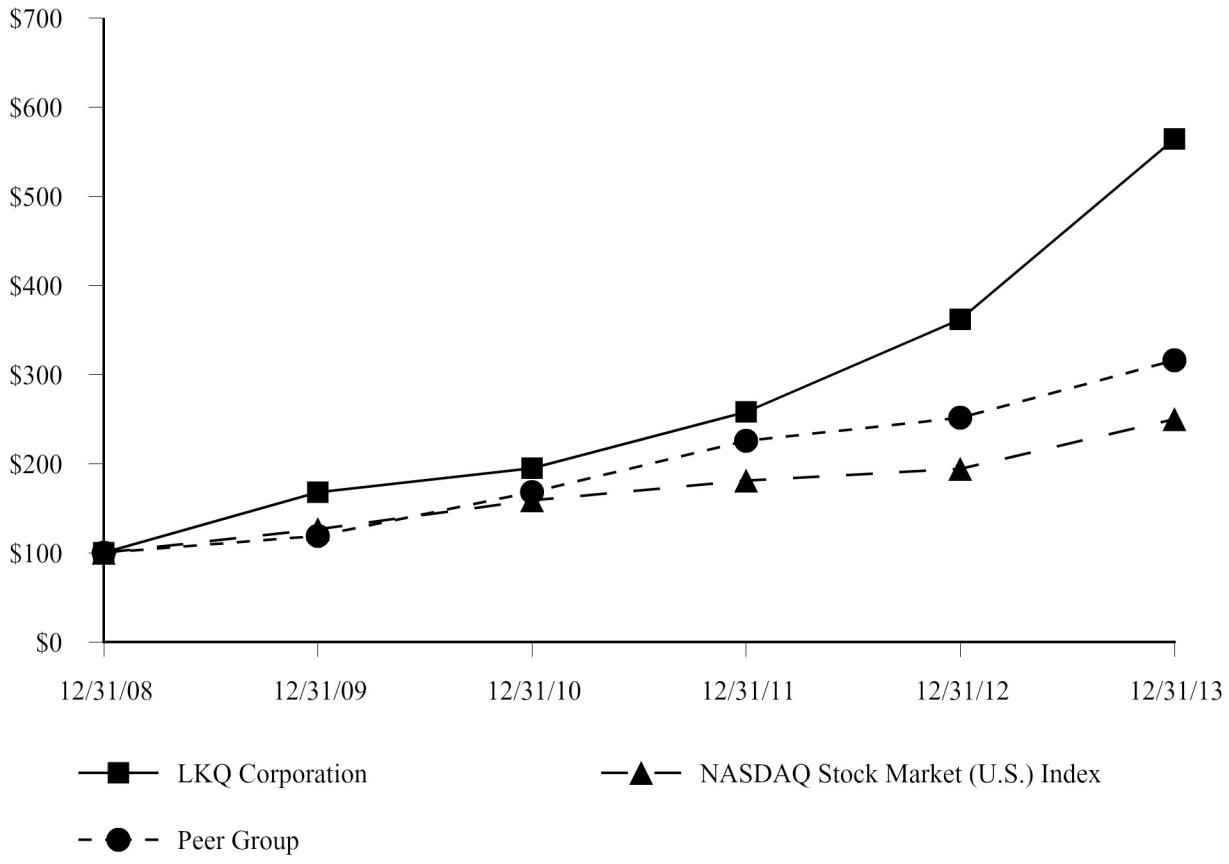
Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "LKQ." At December 31, 2013 there were 26 record holders of our common stock. The following table sets forth, for the periods indicated, the range of the high and low sales prices of shares of our common stock on NASDAQ.

	High	Low
2012		
First Quarter	$ 16.78	$ 15.06
Second Quarter	18.67	14.63
Third Quarter	20.02	16.52
Fourth Quarter	22.29	18.38
2013		
First Quarter	23.99	20.09
Second Quarter	26.58	20.28
Third Quarter	32.29	25.38
Fourth Quarter	34.32	30.61

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 indenture 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 indenture as of December 31, 2013, the maximum amount of dividends we could pay in a fiscal year is approximately $125 million. The annual 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 NASDAQ Stock Market (U.S.) 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, 2008 and ending on December 31, 2013 (which was the last day of our 2013 fiscal year). The stock price performance in the following 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 NASDAQ Stock Market (U.S.) Index and the Peer Group was $100 on December 31, 2008 and that all dividends, where applicable, were reinvested.

Comparison of Cumulative Return
Among LKQ Corporation, the NASDAQ Stock Market (U.S.) Index and the Peer Group



	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
LKQ Corporation	$ 100	$ 168	$ 195	$ 258	$ 362	$ 564
NASDAQ Stock Market (U.S.) Index	$ 100	$ 126	$ 159	$ 181	$ 194	$ 250
Peer Group	$ 100	$ 119	$ 168	$ 226	$ 251	$ 316

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, 2013 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.

(in thousands, except per share data)	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(a)	(b)	(c)	(d)	(e)
Statements of Income Data:					
Revenue	$ 5,062,528	$ 4,122,930	$ 3,269,862	$ 2,469,881	$ 2,047,942
Cost of goods sold	2,987,126	2,398,790	1,877,869	1,376,401	1,120,129
Gross margin	2,075,402	1,724,140	1,391,993	1,093,480	927,813
Operating income	530,180	437,953	361,483	297,877	231,448
Other (income) expense					
Interest expense	51,184	31,429	24,307	29,765	32,252
Other (income) expense, net	3,169	(2,643)	1,405	(2,013)	(6,121)
Income from continuing operations before provision for income taxes	475,827	409,167	335,771	270,125	205,317
Provision for income taxes	164,204	147,942	125,507	103,007	78,180
Income from continuing operations	$ 311,623	$ 261,225	$ 210,264	$ 167,118	$ 127,137
Basic earnings per share from continuing operations	$ 1.04	$ 0.88	$ 0.72	$ 0.58	$ 0.45
Diluted earnings per share from continuing operations	$ 1.02	$ 0.87	$ 0.71	$ 0.57	$ 0.44
Weighted average shares outstanding-basic	299,574	295,810	292,252	286,542	281,082
Weighted average shares outstanding-diluted	304,131	300,693	296,750	291,714	287,980

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Other Financial Data:					
Net cash provided by operating activities	$ 428,056	$ 206,190	$ 211,772	$ 159,183	$ 164,002
Net cash used in investing activities	(505,606)	(352,534)	(571,607)	(191,583)	(102,494)
Net cash (used in) provided by financing activities	165,941	157,072	311,411	18,962	(33,165)
Capital expenditures	90,186	88,255	86,416	61,438	55,870
Business acquisitions[(f)]	408,384	265,336	486,934	143,578	65,171
Depreciation and amortization	86,463	70,165	54,505	41,428	38,062
Balance Sheet Data:					
Total assets	$ 4,518,774	$ 3,723,456	$ 3,199,704	$ 2,299,509	$ 2,020,121
Working capital	1,121,864	896,407	752,042	611,555	526,125
Long-term obligations, including current portion	1,305,781	1,118,478	956,076	600,954	603,045
Stockholders' equity	2,350,745	1,964,094	1,644,085	1,414,161	1,179,434

(a) Includes the results of operations of Sator Beheer B.V. from its acquisition effective May 1, 2013 and 19 other businesses from their respective acquisition dates in 2013. Our 2013 results include a loss on debt extinguishment of $2.8 million related to our execution of a new senior secured credit facility on May 3, 2013. Also in 2013, we recorded a net $2.5 million loss on adjustments to contingent consideration liabilities, which is included in Other expense, net.

(b) Includes the results of operations of 30 businesses from their respective acquisition dates in 2012. Our 2012 results include gains totaling $17.9 million, which are included in Cost of goods sold, resulting from lawsuit settlements with

certain of our aftermarket product suppliers. Also in 2012, we recorded a net $1.6 million loss on adjustments to contingent consideration liabilities, which is included in Other income, net.

(c) Includes the results of operations of Euro Car Parts Holdings Limited from its acquisition effective October 1, 2011 and 20 other businesses from their respective acquisition dates in 2011. Our 2011 results include a loss on debt extinguishment of $5.3 million related to our execution of a new senior secured credit facility on March 25, 2011. Also in 2011, we recorded a net $1.4 million gain on adjustments to contingent consideration liabilities. The loss on debt extinguishment and adjustment to contingent consideration liabilities are included in Other expense, net.

(d) Includes the results of operations of 20 businesses from their respective acquisition dates in 2010.

(e) Includes the results of operations of Greenleaf Auto Recyclers, LLC ("Greenleaf") from its acquisition on October 1, 2009 and seven other businesses from their respective acquisition dates in 2009. We recorded a gain on bargain purchase for the Greenleaf acquisition totaling $4.3 million, which is included in Other income, net.

(f) Includes cash paid for acquisitions, net of cash acquired.

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

Overview

We provide replacement parts, components and systems needed to repair cars and trucks. Buyers of vehicle replacement products have the option to purchase from primarily five sources: new products produced by original equipment manufacturers ("OEMs"), which are commonly known as OEM products; new products produced by companies other than the OEMs, which are sometimes 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 these products as alternative parts because they are not new OEM products. We are the nation’s largest provider of alternative vehicle collision replacement products and a leading provider of alternative vehicle mechanical replacement products, with our sales, processing, and distribution facilities reaching most major markets in the United States. Our wholesale operations also reach most major markets in Canada. We are a leading provider of alternative vehicle replacement products in the United Kingdom, and in the second quarter of 2013, we expanded our operations into continental Europe through the acquisition of Sator, a leading distributor of automotive aftermarket products in the Benelux region. In addition to our wholesale operations, we operate self service retail facilities across the U.S. that sell recycled automotive products. We have organized our businesses into three operating segments: Wholesale - North America; Wholesale - Europe; and Self Service. We aggregate our North American operating segments (Wholesale - North America and Self Service) into one reportable segment, resulting in two reportable segments: North America and Europe.

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. Factors that may affect our operating results include, but are not limited to, those listed in the Special Note on Forward-Looking Statements in Part I, Item 1 of this Annual Report on Form 10-K. 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. Our principal focus for acquisitions is companies that are market leaders, will expand our geographic presence and enhance our ability to provide a wide array of automotive products to our customers through our distribution network.

On May 1, 2013, we acquired Sator, a vehicle mechanical aftermarket parts distribution company based in the Netherlands, with operations in the Netherlands, Belgium and Northern France. With the acquisition of Sator, we expanded our geographic presence in the European vehicle mechanical aftermarket products market into continental Europe to complement our existing U.K. operations.

Sator currently employs a three step distribution model by selling products to various distributors that service the end customer. As a result, the line item results vary from our U.K. business, which operates a two step distribution model. While Sator generates a lower gross margin rate than ECP, Sator should be able to gain more leverage in operating expenses as it does not require the same infrastructure in facilities, distribution and selling to service its customers.

In addition to our acquisition of Sator, we made 19 acquisitions during 2013, including 10 wholesale businesses in North America, 7 wholesale businesses in Europe and 2 self service operations. Our European acquisitions included five automotive paint distribution businesses in the U.K., which enabled us to expand our collision product offerings. The other acquisitions completed during 2013 enabled us to expand into new product lines and enter new markets.

In August 2013, we entered into an agreement with Suncorp Group, a leading general insurance group in Australia and New Zealand, to develop an alternative vehicle replacement parts business in those countries. Under the terms of the agreement, we will contribute our experience to help establish automotive parts recycling operations and to facilitate the procurement of aftermarket parts, while Suncorp will supply salvage vehicles to the venture as well as assist in establishing relationships with repair shops as customers. Our investment will expand our geographic presence into Australia and New Zealand and will provide the opportunity to establish a leadership position in the supply of alternative parts in those countries.

On January 3, 2014, we completed our acquisition of Keystone Automotive Holdings, Inc. (“Keystone Specialty”). Keystone Specialty is a leading distributor and marketer of specialty aftermarket equipment and accessories in North America serving the following six product segments: truck and off-road; speed and performance; recreational vehicle; towing; wheels,

tires and performance handling; and miscellaneous accessories. Our acquisition of Keystone Specialty allows us to enter into new product lines and increase the size of our addressable market. In addition, we believe that the acquisition creates potential logistics and administrative cost synergies and cross-selling opportunities.

Also in January 2014, we completed the acquisition of a U.S. based distributor of automotive cores as well as new and remanufactured mechanical automotive replacement parts. We believe this acquisition will expand our core and remanufactured product mix, and will allow us to expand our product offering to include certain parts also purchased by OEMs. In February 2014, we acquired a wholesale salvage operation and a self service operation in North America, which we believe will expand our market share in the respective markets.

During the year ended December 31, 2012, we made 30 acquisitions in North America, including 22 wholesale businesses and 8 self service retail operations. These acquisitions enabled us to expand our geographic presence and to enter new markets. Additionally, two of our acquisitions were completed with a goal of improving the recovery from scrap and other metals harvested from the vehicles we purchase: a precious metals refining and reclamation business and a scrap metal shredder.

In October 2011, we expanded our operations into the European automotive aftermarket business through our acquisition of ECP. ECP's product offerings are primarily focused on automotive aftermarket mechanical products, many of which are sourced from the same suppliers that provide products to the OEMs. The expansion of our geographic presence beyond North America into the European market offers an opportunity to us as that market has historically had a low penetration of alternative collision parts. In addition to our ECP acquisition, we completed 20 acquisitions in North America in 2011 (17 wholesale businesses and 3 self service retail operations), which allowed us to increase our product offerings, to expand our geographic presence and to enter new markets.

Sources of Revenue

We report our revenue in two categories: (i) parts and services and (ii) other. Our parts and services revenue is generated from the sale of vehicle replacement products and related services including (i) aftermarket, other new and refurbished products and (ii) recycled, remanufactured and related products and services. During the year ended December 31, 2013, sales of vehicle replacement products and services represented approximately 87% of our consolidated sales.

We sell the majority of our vehicle replacement products to collision and mechanical repair shops. Our vehicle replacement products include sheet metal crash parts such as doors, hoods, and fenders; bumper covers; engines; head and tail lamps; and wheels. The demand for our products and services 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, the availability and pricing of new OEM parts, seasonal weather patterns and local weather conditions. Additionally, 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 products. 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 of products for our customers when we perform these services for insurance carriers.

There is no standard price for many of our products, but rather a pricing structure that varies from day to day based upon such factors as product availability, quality, demand, new OEM product prices, the age and mileage of the vehicle from which the part was obtained, competitor pricing and our product cost.

In 2013, revenue from other sources represented approximately 13% of our consolidated sales. These other sources include scrap sales and sales of aluminum ingots and sows. 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.

Our cost of goods sold for recycled products 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), and the status of laws regulating bidders or exporters of salvage vehicles. 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 account for between 8% and 10% 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. Our cost of goods sold for remanufactured products includes 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, 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 approximately 80% 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 and benefits for corporate, regional and administrative personnel; stock-based compensation and other incentive compensation; 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 products because there are more weather related accidents, which generate repairs.

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. 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 replacement products when they are shipped 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. A product would ordinarily be returned within a few days of shipment. Our customers may earn discounts based upon sales volumes or sales volumes coupled with prompt payment. Allowances are normally given within a few days following product 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.

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

Inventory Accounting

Aftermarket and Refurbished Product Inventory. Our aftermarket inventory cost is established based on the average price we pay for parts, and includes expenses incurred for freight and overhead costs. For items purchased from foreign companies, import fees and duties and transportation insurance are also included. Refurbished inventory cost is based on the average price we pay for cores, and also includes expenses incurred for freight, labor and other overhead related to our refurbishing operations.

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 market 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 under 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. The purchase price allocation is subject to change during the measurement period, which is limited to one year subsequent to the acquisition date.

For certain acquisitions, we may issue contingent consideration under which additional payments will be made to the former owners if specified future events occur or conditions are met, such as meeting profitability or earnings targets. Each contingent consideration obligation is measured at the acquisition date fair value of the consideration, which is determined using the discounted probability-weighted expected cash flows. At each subsequent reporting period, we remeasure the liability at fair value and record any changes to the fair value through Change in Fair Value of Contingent Consideration Liabilities within Other Expense (Income) on our Consolidated Statements of Income. The fair value measurement of the liability is performed by our corporate accounting department using current information about key assumptions, with the input and oversight of our operational and executive management teams. Each reporting period, we evaluate the performance of the business compared to our previous expectations, along with any changes to our future projections, and update the estimated cash flows accordingly. In addition, we consider changes to our cost of capital and changes to the probability of achieving the earnout payment targets when updating our discount rate on a quarterly basis.

Increases or decreases in the fair value of the contingent consideration liability can result from changes in discount periods and rates, variances between actual results achieved and projected results, changes in the projected results of the acquired business, or changes in our assessment of the probabilities surrounding the achievement of targets detailed in the respective agreements. As of December 31, 2013, we recorded $55.7 million of contingent consideration liabilities. Of this amount, $49.7 million represents the maximum payment for the 2013 performance period related to our 2011 acquisition of ECP, which we expect to pay in the first quarter of 2014.

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 are organized into three operating segments: Wholesale—North America; Wholesale—Europe; and Self Service. We have also concluded that these three operating segments are reporting units for purposes of goodwill impairment testing in 2013. We perform goodwill impairment tests annually in the fourth quarter and between annual tests whenever events indicate that an impairment may exist. During 2013, 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 2013.

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, 2013, we had a total of $1.9 billion in goodwill subject to future impairment tests. If we were required to recognize goodwill impairments, we would report those impairment losses as part of our operating results. We determined that no adjustments were necessary when we performed our annual impairment testing in the fourth quarter of 2013. A 25% decrease in the fair value estimates of the reporting units in the annual impairment test would not have changed this determination, and each of the reporting units had a substantial excess of fair value over carrying value.

Recently Issued Accounting Pronouncements

See “Recent Accounting Pronouncements” in Note 2, "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 13, "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 statement of operations data as a percentage of total revenue for the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Statements of Income Data:			
Revenue	100.0%	100.0%	100.0%
Cost of goods sold	59.0%	58.2%	57.4%
Gross margin	41.0%	41.8%	42.6%
Facility and warehouse expenses	8.4%	8.4%	9.0%
Distribution expenses	8.5%	9.1%	8.8%
Selling, general and administrative expenses	11.8%	12.0%	12.0%
Restructuring and acquisition related expenses	0.2%	0.1%	0.2%
Depreciation and amortization	1.6%	1.6%	1.5%
Operating income	10.5%	10.6%	11.1%
Other expense, net	1.1%	0.7%	0.8%
Income before provision for income taxes	9.4%	9.9%	10.3%
Provision for income taxes	3.2%	3.6%	3.8%
Net income	6.2%	6.3%	6.4%

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenue. Our revenue increased 22.8% to $5.1 billion for the year ended December 31, 2013 from $4.1 billion in 2012. The increase in revenue was due to 13.8% acquisition related revenue growth and 9.3% organic growth (reflecting 11.0% growth in parts and services revenue partially offset by a 1.5% decline in other revenue), partially offset by a 0.4% unfavorable impact from foreign currency exchange primarily in our European operations. Refer to the discussion of our segment results of operations for factors contributing to revenue growth during 2013 compared to the prior year.

Cost of Goods Sold. Our cost of goods sold increased to 59.0% of revenue in 2013 from 58.2% of revenue in 2012. In 2013, our cost of goods sold reflects a 0.7% increase as a percentage of revenue as a result of the lower gross margins generated by certain of our acquisitions, including our 2013 acquisitions of Sator and five U.K.-based paint distribution businesses, as well as our June 2012 acquisition of a precious metals refining and reclamation business. In the prior year period, we recognized a gain on lawsuit settlements totaling $17.9 million that did not reoccur in 2013, thus accounting for 0.4% of the increase in the current year cost of goods sold as a percentage of revenue. See Note 7, "Commitments and Contingencies" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information on the lawsuit settlements. These increases in cost of goods sold as a percentage of revenue were partially offset by 0.4% improvement in gross margin in our salvage operations within our Wholesale - North America segment, which reflects the impact of various individually insignificant factors, the largest of which were lower vehicle costs and pricing improvements.

Facility and Warehouse Expenses. As a percentage of revenue, facility and warehouse expenses for the year ended December 31, 2013 remained flat at 8.4% of revenue. Our North American operations increased facility and warehouse expense by 0.2% of revenue, which reflects increased weighting of our self service business. During 2012, we completed the acquisition of eight self service retail operations, which generally incur greater facility costs as a percentage of revenue compared to our wholesale operations, as our self service business tends to require a larger facility footprint to generate its sales. Higher costs in North America were offset by a greater proportion of revenue generated by our European operations, which incur lower facility warehouse costs as a percentage of revenue, combined with improved leveraging of facility and warehouse personnel in our U.K. operations related to 56 new branch openings completed since the beginning of 2012.

Distribution Expenses. As a percentage of revenue, distribution expenses decreased to 8.5% of revenue in 2013 from 9.1% of revenue in 2012. In our North American operations, improved leveraging of our distribution workforce contributed 0.2% of the reduction in distribution expenses as a percentage of revenue. Fuel expense also decreased by 0.1% of revenue due to a reduction in the average price we pay for fuel. Our European operations contributed the remainder of the decrease, including a 0.2% benefit from our 2013 European acquisitions, as well as a 0.1% benefit from our existing U.K. operations, primarily as a result of improved leverage related to 56 new branch openings since the beginning of 2012.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses for the year ended December 31, 2013 decreased to 11.8% of revenue from 12.0% during the prior year. The reduction of these expenses as a percentage of revenue reflects an approximately equal impact from improved leveraging of general and administrative overhead costs and the relatively lower general and administrative expenses incurred by our Sator business compared to our other operations.

Restructuring and Acquisition Related Expenses. During 2013 and 2012, we incurred $10.2 million and $2.8 million of restructuring and acquisition related expenses, respectively. During the year ended December 31, 2013, we incurred $6.7 million of acquisition related expenses, which include external costs primarily related to our acquisitions of Sator, five automotive paint distribution businesses in the U.K., and our January 2014 acquisition of Keystone Specialty. During 2013, we also incurred $3.5 million related to the integration of acquired businesses into our existing operations, primarily in our European segment. Our 2012 restructuring and acquisition related expenses included $1.1 million related to the consolidation of our bumper and wheel refurbishing operations, $1.2 million related to the integration of certain of our acquisitions into our existing business, and $0.5 million of acquisition related expenses. See Note 9, "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. As a percentage of revenue, depreciation and amortization expense was 1.6% during each of the years ended December 31, 2013 and 2012. Higher expense in 2013 resulting from our increased levels of property and equipment and higher levels of intangible assets as a result of business acquisitions was offset by revenue growth.

Other Expense, Net. Total other expense, net increased to $54.4 million for the year ended December 31, 2013 from $28.8 million for the prior year. This increase was primarily due to an increase in interest expense of $19.8 million compared to the prior year, which reflects an approximately equal impact of higher outstanding debt balances and higher interest rates, primarily as a result of the senior notes issued in May. In May 2013, we executed an amended and restated senior secured credit agreement, and as a result, we expensed a portion of capitalized debt issuance costs related to the prior agreement, as well as a portion of the fees incurred with the amendment. The resulting loss on debt extinguishment in 2013 totaled $2.8 million. The impact of foreign currency fluctuations in the Canadian dollar, the British pound, and other currencies was a loss of $2.4 million during 2013 compared to a gain of $0.2 million during 2012. In 2013, we recognized expense of $2.5 million as a result of fair value adjustments to our contingent payment liabilities, compared to $1.6 million in 2012.

Provision for Income Taxes. Our effective income tax rate was 34.5% and 36.2% for the years ended December 31, 2013 and 2012, respectively. We continued to expand our international operations throughout 2012 and 2013 with both acquisition related and organic revenue growth in our European segment as well as through acquisitions in Canada. The lower effective income tax rate in 2013 reflects a 1.4% benefit relative to the prior year as a result of this growth in our international operations, where a larger proportion of our pretax income was generated in lower rate jurisdictions. The effect of lower state income taxes, other discrete items and permanent differences contributed the remaining 0.3% reduction in the effective tax rate compared to the prior year.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenue. Our revenue increased 26.1% to $4.1 billion for the year ended December 31, 2012 from $3.3 billion in 2011. The increase in revenue was due to 21.9% acquisition related revenue growth and 4.1% organic growth, which was composed of 6.0% parts and services revenue partially offset by a 5.8% decline in other revenue due to declining scrap steel and other metals prices. Acquisition related revenue growth for the year ended December 31, 2012 totaled $716.8 million, which included $481.6 million from our fourth quarter 2011 acquisition of ECP. Our organic revenue growth in aftermarket, other new and refurbished products of 6.2% was primarily a result of higher volumes. Incremental sales volume from ECP's new branches, which we include in organic revenue, contributed 4.4% of the growth. The remaining volume increase was primarily attributable to greater customer penetration resulting from our expansion into complementary product lines such as paint and related products. Our organic revenue from the sale of recycled and remanufactured products grew 5.8% primarily as a result of higher sales volumes, which resulted from higher inventory purchases that contributed to a greater volume of parts available for sale. Organic revenue growth in parts and services was negatively affected by milder winter weather conditions in North America in the first quarter and into the beginning of the second quarter of 2012 as the milder winter weather contributed to fewer and less severe vehicle accidents, resulting in lower insurance claims activity.

Cost of Goods Sold. Our cost of goods sold increased to 58.2% of revenue in 2012 from 57.4% of revenue in 2011. In 2012, the prices we received for scrap metal declined relative to the cost of the scrap component of the cars that we crushed, while in the prior year scrap metal prices increased relative to the cost component. The resulting margin compression in our Self Service and Wholesale - North America segments contributed 0.6% of the increase in cost of goods sold. Our acquisition of ECP, which generates lower gross margins than our North American business because of a greater weighting on lower margin mechanical products, increased our cost of goods sold by 0.3% of revenue. Our cost of goods sold for the year ended

December 31, 2012 also reflects a 0.2% increase as a result of the lower gross margins generated by our precious metals refining and reclamation business that we acquired in the second quarter of 2012. Higher warranty claims experience in 2012, primarily related to our remanufactured engines, increased cost of goods sold by 0.2% of revenue. Our cost of goods sold for 2012 also reflects lower levels of revenue from high margin, "crush only" vehicles compared to the prior year, which increased cost of goods sold by 0.2%. These increases in our cost of goods sold were partially offset by a 0.2% reduction in cost of goods sold for lower vehicle acquisition costs, primarily in our Wholesale - North America segment. Additionally, we recognized a gain on lawsuit settlements totaling $17.9 million, which reduced cost of goods sold by 0.4% of revenue. See Note 7, "Commitments and Contingencies" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information on the lawsuit settlements.

Facility and Warehouse Expenses. As a percentage of revenue, facility and warehouse expenses for the year ended December 31, 2012 decreased to 8.4% of revenue compared to 9.0% in 2011, which was primarily due to lower facility and warehouse expense in our ECP operations as compared to our North American operations. The branch locations in the U.K. are typically smaller and less costly than the warehouse locations in North America since the majority of the inventory is stored in the national distribution center in the U.K., which supplies the branch locations daily. In our North American operations, most of the inventory sold by our locations is stored on site rather than in regional or national distribution centers. The cost of the national distribution center in the U.K. is capitalized into inventory and expensed through cost of goods sold.

Distribution Expenses. As a percentage of revenue, distribution expenses increased to 9.1% of revenue in 2012 from 8.8% of revenue in 2011, primarily resulting from an increase of 0.2% related to our European operations. Our ECP operations, which generate a greater proportion of revenue from sales to mechanical repair shops compared to our North American operations, incur relatively higher delivery expenses as garage customers demand faster delivery times than our North American collision repair customers. In our North American operations, distribution expenses increased by 0.2% of revenue due to higher compensation costs as a percentage of revenue compared to the prior year.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses for the year ended December 31, 2012 were consistent with the prior year at 12.0% of revenue. Our ECP operations increased selling, general and administrative expenses by 0.2% of revenue, primarily due to greater personnel expenditures for the relatively larger sales force compared to our North American operations. The impact of higher selling expenses in our European operations was offset by a reduction in general and administrative personnel expenditures, including incentive compensation, as a percentage of revenue in our North American operations.

Restructuring and Acquisition Related Expenses. During 2012 and 2011, we incurred $2.8 million and $7.6 million of restructuring and acquisition related expenses, respectively. In 2012, we incurred $1.1 million to execute our restructuring plan to consolidate our bumper and wheel refurbishing product lines. We also incurred $1.2 million of restructuring expenses related to the integration of certain of our 2011 and 2012 acquisitions into our existing business. Our 2011 expenses included $4.0 million related to integration of our 2011 acquisition of the Akzo Nobel paint business and our 2010 acquisition of Cross Canada, a Canadian aftermarket business. We also incurred $0.4 million of integration costs related to certain of our other acquisitions. Acquisition related expenses, which consist of external costs such as closing costs and professional fees, totaled $0.5 million and $3.2 million for the years ended December 31, 2012 and 2011, respectively. Our acquisition related expenses in 2011 primarily related to our acquisition of ECP on October 1, 2011. See Note 9, "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. As a percentage of revenue, depreciation and amortization expense was 1.6% in 2012 compared to 1.5% in 2011. Higher expense in 2012 resulting from our increased levels of property and equipment and higher levels of intangible assets as a result of business acquisitions was mostly offset by continued leveraging of our existing facilities to support organic revenue growth.

Other Expense, Net. Total other expense, net increased to $28.8 million for the year ended December 31, 2012 from $25.7 million for the prior year. This increase was primarily due to an increase in interest expense of $7.1 million compared to the prior year, partially offset by a $5.3 million loss on debt extinguishment recognized in 2011 related to the write off of debt issuance costs in conjunction with the execution of our senior secured credit agreement. The increase in interest expense in 2012 was due to higher average outstanding bank borrowings of $922 million compared to $671 million in 2011, primarily as a result of additional borrowings to finance our acquisition of ECP in the fourth quarter of 2011. The effect of higher average debt levels was partially offset by a reduction in our average effective interest rate on bank borrowings to 3.1% in 2012 from 3.4% in 2011, resulting from lower interest rates under our credit agreement. In 2012, we recognized $1.6 million of expense as a result of fair value adjustments to our contingent payment liabilities, while we recognized a $1.4 million gain in 2011. Adjustments to our contingent consideration liabilities may cause variability in our results of operations, as changes in the assumptions used to measure the fair value of the liabilities may result in net gains or losses from period to period. We increased our collections of fees for late payments in 2012, which increased other income by $1.6 million over the prior year.

In 2012, the impact of foreign currency fluctuations in the Canadian dollar, the British pound and other currencies was a gain of $0.2 million compared to a loss of $0.4 million in 2011.

Provision for Income Taxes. Our effective income tax rate was 36.2% and 37.4% for the years ended December 31, 2012 and 2011, respectively. The lower effective income tax rate in 2012 reflects a benefit of 1.5% relative to the prior year from our expanding international operations as a larger proportion of our pretax income was generated in lower rate jurisdictions. Other rate effects from discrete items and permanent differences were 0.3% higher in 2012 than the prior year.

Results of Operations—Segment Reporting

We have three operating segments: Wholesale—North America; Wholesale—Europe; and Self Service. Our operations in North America, which include our Wholesale—North America and Self Service operating segments, are aggregated into one reportable segment because they possess similar economic characteristics and have common products and services, customers, and methods of distribution. Our Wholesale—Europe operating segment is presented as a separate reportable segment.

The following table presents our financial performance, including revenue and earnings before interest, taxes, and depreciation and amortization ("EBITDA") by reportable segment for the periods indicated (in thousands):

	Year Ended December 31,					
	2013	% of Revenue	2012	% of Revenue	2011	% of Revenue
Revenue						
North America	$ 3,802,929		$ 3,426,858		$ 3,131,376	
Europe	1,259,599		696,072		138,486	
Total revenue	$ 5,062,528		$ 4,122,930		$ 3,269,862	
EBITDA						
North America	$ 484,824	12.7%	$ 440,448	12.9%	$ 405,924	13.0%
Europe	131,086	10.4%	70,099	10.1%	12,144	8.8%
Total EBITDA	$ 615,910	12.2%	$ 510,547	12.4%	$ 418,068	12.8%

The key measure of segment profit or loss reviewed by our chief operating decision maker is EBITDA. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. Segment EBITDA excludes depreciation, amortization, interest (including loss on debt extinguishment) and taxes. Loss on debt extinguishment is considered a component of interest in calculating EBITDA, as the write-off of debt issuance costs is similar to the treatment of debt issuance cost amortization. See Note 13, "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 EBITDA to Net Income.

Since we presented a single reportable segment (North America) until the acquisition of ECP effective October 1, 2011, our European segment did not have a full comparative prior year period for the year ended December 31, 2012. For information on the factors that contributed to the results of our North American operations during 2013 compared to 2012, including the effect of our European operations on our consolidated year over year results, refer to our consolidated results of operations discussion above.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

North America

Revenue. Revenue in our North American segment increased 11.0% to $3.8 billion during the year ended December 31, 2013 from $3.4 billion during the prior year. The increase in revenue reflects 6.4% acquisition related revenue growth and 4.8% organic growth (which included 6.0% organic growth in parts and services revenue offset by 1.6% decrease in other revenue), partially offset by 0.2% unfavorable impact from foreign exchange rates, primarily in our Canadian operations. Our organic growth in parts and services revenue was primarily due to higher sales volumes. In the first half of the prior year, we experienced milder winter weather conditions, which contributed to fewer and less severe vehicle accidents, resulting in lower insurance claims. Additionally, current year sales volumes benefited from higher inventory purchases compared to the prior year, which contributed to a greater volume of parts available for sale. The decrease in other revenue was primarily a result of

a reduction in sales volume from our furnace operations, partially offset by an increased volume of scrap and core revenue from our salvage operations.

EBITDA. As a percentage of revenue, EBITDA in our North American segment decreased to 12.7% during the year ended December 31, 2013 from 12.9% in the prior year. In the prior year, we recognized a gain on lawsuit settlements totaling $17.9 million, which decreased EBITDA as a percentage of revenue by 0.5% relative to the prior year as it did not reoccur in 2013. Our precious metals refining and reclamation business, which generates lower margins as a percentage of revenue, contributed 0.2% of the decline of EBITDA, primarily due to including a full year of results in 2013 compared to only seven months in 2012. In our self service operations, a narrowing spread between the prices received for scrap and other metals and the cost of the scrap component of the cars that we crushed resulted in a decrease in EBITDA of 0.2% of revenue. These decreases were partly offset by a 0.5% improvement in EBITDA margin from our wholesale salvage operations, which reflects the impact of various individually insignificant factors, the largest of which were lower vehicle costs and pricing improvements. Lower operating expenses increased EBITDA by 0.2% of revenue as a result of improved leverage of our distribution workforce and lower fuel costs, partially offset by higher facility costs in our self service operations.

Europe

Revenue. Revenue in our European segment increased to $1.3 billion during the year ended December 31, 2013, an 81.0% increase over $696.1 million of revenue generated in the prior year. The increase in revenue includes 50.4% acquisition related revenue growth, primarily as a result of our Sator acquisition in May 2013, and 31.8% organic revenue growth. Our organic revenue growth was a result of higher sales volumes, including a 20.8% increase from stores open more than 12 months and an 11% increase from revenue generated by 56 branch openings since the beginning of 2012 through the one year anniversary of their respective opening dates. The increase in revenue was partially offset by the weakening, on average, of the British pound against the U.S. dollar, which decreased revenue by 1.3% compared to the prior year.

EBITDA. As a percentage of revenue, EBITDA in our European segment increased to 10.4% for the year ended December 31, 2013 from 10.1% during 2012. In our U.K. operations, improved leverage of our facilities and distribution network to support new branch openings and existing store sales growth resulted in a 1.1% improvement in EBITDA as a percentage of revenue compared to the prior year. The improvement in EBITDA margin in our U.K. operations was partially offset by the impact of our Sator acquisition, which decreased EBITDA by 0.4% as a percentage of revenue. We believe that Sator's negative effect on our EBITDA margin will diminish over time as we integrate Sator into our European operations, which we believe will result in cost savings, primarily in purchasing synergies. Restructuring and acquisition related expenses decreased EBITDA by 0.6% of revenue, primarily from our Sator acquisition as well as the integration of certain of our other European acquisitions. During 2013, we incurred lower expenses related to the remeasurement of contingent payment liabilities, which increased EBITDA by 0.3% of revenue compared to the prior year.

2014 Outlook

We estimate that net income and diluted earnings per share for the year ending December 31, 2014, excluding the impact of any restructuring and acquisition related expenses and any gains or losses related to acquisitions or divestitures (including changes in the fair value of contingent consideration liabilities), will be in the range of $400 million to $430 million and $1.30 to $1.40, respectively.

Liquidity and Capital Resources

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

	December 31, 2013	December 31, 2012
Cash and equivalents	$ 150,488	$ 59,770
Total debt	1,305,781	1,118,478
Net debt (total debt less cash and equivalents)	1,155,293	1,058,708
Current maturities	41,535	71,716
Capacity under credit facilities [(a)]	1,430,000	1,030,000
Availability under credit facilities [(a)]	1,150,603	356,143
Total liquidity (cash and equivalents plus availability on credit facilities)	1,301,091	415,913

[(a)] Includes our revolving credit facility and our receivables securitization facility.

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 our May 2013 transactions to refinance our existing credit facility and to issue $600 million of senior notes.

As of December 31, 2013, we had debt outstanding and additional available sources of financing, as follows:

- Senior secured credit facility maturing in May 2018, composed of $450 million in term loans ($439 million outstanding at December 31, 2013) and $1.35 billion in revolving credit ($234 million outstanding at December 31, 2013), bearing interest at variable rates (although a portion of this debt is hedged through interest rate swap contracts)
- Senior unsecured notes totaling $600 million, maturing in May 2023 and bearing interest at a 4.75% fixed rate
- Receivables securitization facility with availability up to $80 million, maturing in September 2015 and bearing interest at variable commercial paper rates (full capacity available as of December 31, 2013)

The Sator acquisition was the catalyst for our May 2013 financing transactions. Had we simply paid for Sator with the unamended credit facility, the remaining availability under our credit facility would have been approximately $115 million, which we judged to be too low for a company our size. Given that Sator is a long-term asset, we considered alternative financing options and decided to issue long-term notes to fund this acquisition. In connection with the notes transaction, we took the opportunity to amend our credit facility by increasing the overall size of the revolver, resetting the term loan, extending the maturity, and adjusting certain covenants. We see a number of strategic benefits from this refinancing. By issuing the notes, we diversified our financing structure by adding a long-term fixed rate instrument and reducing our reliance on the bank market. We also believe the interest rate on the notes was favorable. Although higher than today's floating rate debt, the 10-year fixed rate of 4.75% reduces our risk of future interest rate increases, which we have seen in the market subsequent to our offering. The new structure 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.

As of December 31, 2013, we had $1.2 billion available on our credit facilities. Combined with $150 million of cash and equivalents at December 31, 2013, we had $1.3 billion in available liquidity, an increase of $885 million over our available liquidity as of December 31, 2012. In January 2014, we increased our credit facility borrowings by $450 million (including $370 million borrowed under our senior secured credit facility and $80 million borrowed under the receivables securitization facility) primarily to finance our acquisition of Keystone Specialty completed on January 3, 2014. 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 currently have adequate capacity, from time to time, we may need to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that additional funding, or refinancing of our credit facility, 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. 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 depend on the currency and the duration of the borrowing, plus an applicable margin rate. We hold interest rate swaps to hedge the variable rates on our credit agreement borrowings (as described in Note 5, "Derivative Instruments and Hedging Activities" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K), with the effect of fixing the interest rates on the respective notional amounts. After giving effect to these interest rate swap contracts, the weighted average interest rate on borrowings outstanding against our credit agreement at December 31, 2013 was 3.05%. Including the borrowings on our senior notes and receivables securitization program, our overall weighted average interest rate on borrowings was 3.85% at December 31, 2013. Cash interest payments were $45.3 million for the year ended December 31, 2013, which included our first semiannual interest payment of $14.2 million related to the senior notes. We had outstanding credit agreement borrowings of $672.6 million and $974.6 million at December 31, 2013 and December 31, 2012, respectively. Of these amounts, $22.5 million and $31.9 million were classified as current maturities at December 31, 2013 and December 31, 2012, respectively. We have scheduled repayments of $5.6 million each quarter on the term loan through its maturity in May 2018 but no other significant principal payments on our credit facilities prior to the maturity of the receivables securitization program in September 2015. We currently expect that we will extend the receivables securitization facility when the original three year term expires, but there can be no assurance that we will be able to do so on acceptable terms.

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, 2013.

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. Our purchases of aftermarket products totaled approximately $1.7 billion, $1.3 billion, and $836.3 million in 2013, 2012, and 2011, respectively. Aftermarket inventory purchases in 2013 include $198.5 million related to our May 2013 acquisition of Sator. 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. We acquired approximately 281,000, 262,000, and 234,000 wholesale salvage vehicles (cars and trucks) in 2013, 2012, and 2011, respectively. In addition, we acquired approximately 513,000, 416,000, and 352,000 lower cost self service and "crush only" vehicles in 2013, 2012, and 2011, respectively.

Net cash provided by operating activities totaled $428.1 million for the year ended December 31, 2013, compared to $206.2 million in 2012. Compared to the prior year, our 2013 EBITDA increased by $105.4 million, due to both acquisition related growth and organic growth. While we generated greater pretax income during 2013 compared to the prior year, we reduced our cash payments for income taxes to $110.9 million in 2013 from $146.5 million during the prior year because we overpaid taxes in 2012, which we offset against our 2013 estimated tax payments. Cash payments for incentive compensation were lower during 2013, including $8.0 million lower bonus payments and a $5.9 million payment under our long-term incentive plan in the prior year that did not reoccur in 2013. Cash outflows for our primary working capital accounts (receivables, inventory and payables) totaled $64.3 million during 2013, compared to $123.0 million during 2012, primarily due to the timing of cash payments on accounts payable. 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 grow our business each year.

Net cash used in investing activities totaled $505.6 million for the year ended December 31, 2013, compared to $352.5 million for the same period of 2012. We invested $408.4 million of cash, net of cash acquired, in business acquisitions during 2013, including our acquisition of Sator for $272.8 million, compared to $265.3 million for business acquisitions in the comparable prior year. In the third quarter of 2013, we entered into an agreement with Suncorp Group to develop an alternative vehicle products business in Australia and New Zealand, for which our initial investment totaled $9.1 million. Property and equipment purchases were $90.2 million in the year ended December 31, 2013 compared to $88.3 million in the prior year.

Net cash provided by financing activities totaled $165.9 million for the year ended December 31, 2013, compared to $157.1 million in 2012. During 2013, we amended our credit facility and issued $600 million in senior notes. In 2013, net borrowings were $227.1 million compared to $147.0 million in 2012. In both periods, we used the proceeds from the net borrowings primarily to fund acquisitions. In connection with our 2013 financing transactions, we paid $16.9 million in debt issuance costs. In March 2013, we made a payment of $33.9 million ($31.5 million included in financing cash flows and $2.4 million included in operating cash flows) for the 2012 earnout period under the contingent payment agreement related to our 2011 acquisition of ECP. Cash generated from exercises of stock options provided $15.4 million and $17.7 million in the years ended December 31, 2013 and 2012, respectively. The excess tax benefit from share-based payment arrangements reduced income taxes payable by $18.3 million and $15.7 million in the years ended December 31, 2013 and 2012, respectively.

Net cash provided by operating activities totaled $206.2 million for the year ended December 31, 2012, compared to $211.8 million in 2011. In 2012, our EBITDA increased by $92.5 million compared to the prior year period, due to both acquisition related growth and organic growth. The increase in EBITDA was partially offset by a $43.7 million greater cash outflow for accounts payable as we accelerated payments to take advantage of prompt pay discounts, resulting in a decrease in days payable outstanding in 2012 compared to 2011. In 2012, we also made $33.0 million of higher income tax payments compared to the prior year as a result of greater pretax earnings. Due to higher outstanding debt levels, cash payments for interest exceeded the prior year by $7.7 million. Prepayments for insurance policies and payroll taxes increased by $7.3 million over the prior year due to additional insurance policies and the timing of payroll tax payments for our European operations acquired in the fourth quarter of 2011. The year ended December 31, 2012 reflected higher bonus payments of $1.8 million compared to the prior year as well as $5.9 million of incremental payments under our long term incentive plan.

Net cash used in investing activities totaled $352.5 million for the year ended December 31, 2012, compared to $571.6 million for the same period of 2011. We invested $265.3 million of cash, net of cash acquired, in 30 acquisitions and payments for certain of our 2011 acquisitions during 2012, compared to $486.9 million for 21 business acquisitions in the comparable prior year period, including our acquisition of ECP for $293.7 million of cash, net of cash acquired. Property and equipment purchases were $88.3 million in the year ended December 31, 2012 compared to $86.4 million in the prior year period.

Net cash provided by financing activities totaled $157.1 million for the year ended December 31, 2012, compared to $311.4 million in 2011. In 2012, we borrowed a net $147.0 million under our credit facilities, compared to $307.0 million in the prior year. Our 2012 bank borrowings included $200 million of available term loans under the credit agreement and $80 million under the receivables securitization facility executed in September 2012, the proceeds of which were used to fund acquisitions and pay outstanding amounts under our revolving credit facility. Our bank borrowings in 2011 were used primarily to finance the acquisition of ECP in October 2011. Related to the execution of the 2011 credit agreement, we paid $11.0 million of debt issuance costs during 2011. Payments of other obligations, which included primarily acquisition related notes payable, totaled $23.1 million in 2012, compared to $4.5 million during 2011. Cash generated from exercises of stock options provided $17.7 million and $11.9 million in the years ended December 31, 2012 and 2011, respectively. The excess tax benefit from share-based payment arrangements reduced income taxes payable by $15.7 million and $8.0 million in the years ended December 31, 2012 and 2011, respectively.

As part of the consideration for certain of our business acquisitions, we entered into contingent consideration agreements with the selling shareholders. Under the terms of the contingent consideration agreements, additional payments will be made to the former owners if specified future events occur or conditions are met, such as meeting profitability or earnings targets. As of December 31, 2013, the fair value of our contingent consideration liabilities was $55.7 million, which included a liability for the maximum remaining payment of $49.7 million (£30 million) under the contingent payment arrangement for our 2011 ECP acquisition, which we expect to pay in the first quarter of 2014 either with cash generated from operations or through draws on our revolving credit facility.

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.

2014 Outlook

We estimate that our capital expenditures for 2014, excluding business acquisitions, will be between $110 million and $140 million. We expect to use these funds for several major facility expansions, improvement of current facilities, real estate acquisitions and systems development projects. We anticipate that net cash provided by operating activities for 2014 will be approximately $375 million.

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, 2013 (in millions):

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual obligations					
Long-term debt[1]	$ 1,634.9	$ 86.4	$ 140.1	$ 679.9	$ 728.5
Capital lease obligations[2]	25.4	4.7	6.2	1.4	13.1
Operating leases[3]	646.3	114.4	188.8	122.7	220.4
Purchase obligations[4]	142.9	142.9	—	—	—
Contingent consideration liabilities[5]	55.9	52.5	3.4	—	—
Outstanding letters of credit	45.6	45.6	—	—	—
Other asset purchase commitments	37.7	25.8	8.0	3.9	—
Purchase price payable	2.1	2.1	—	—	—
Other long-term obligations					
Self-insurance reserves[6]	49.6	22.7	17.0	6.3	3.6
Deferred compensation plans and other retirement obligations[7]	27.2	2.0	—	—	25.2
Long term incentive plan	6.9	1.9	5.0	—	—
Foreign currency forward contracts	21.8	21.8	—	—	—
Liabilities for unrecognized tax benefits	1.8	0.2	0.3	0.7	0.6
Total	$ 2,698.1	$ 523.0	$ 368.8	$ 814.9	$ 991.4

(1) Our long-term debt under contractual obligations above includes interest on the balances outstanding as of December 31, 2013. 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, 2013. Estimated interest expense included in the table above represents $49.1 million for obligations maturing in less than one year, $92.4 million for obligations maturing in one to three years, $74.1 million for obligations maturing in three to five years, and $128.3 million for obligations maturing in more than five years.

(2) Interest on capital lease obligations is included based on incremental borrowing or implied rates.

(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. These expenses historically average approximately 25% of the corresponding lease payments.

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

(5) Our contingent consideration liabilities reflect the undiscounted estimated payments of additional consideration related to business combinations. The actual payouts will be determined at the end of the applicable performance periods based on the acquired entities' achievement of the targets specified in the purchase agreements.

(6) Self-insurance reserves include undiscounted estimated payments, net of estimated insurance recoveries, for our employee medical benefits, automobile liability, general liability, directors and officers liability, workers' compensation and property insurance.

(7) Deferred compensation payments are dependent on elected payment dates. While we expect that these payments will be made more than five years from the latest balance sheet date, payments may be made earlier depending on such elections. Our deferred compensation plans are funded through investments in life insurance policies. Other retirement obligations consists of our expected required contributions to Sator's pension plan. We have not included future funding requirements beyond 2014 in the table above, as these funding projections are not practicable to estimate.

The preceding table does not reflect our acquisition of Keystone Specialty, which we agreed to acquire on December 5, 2013. The transaction closed on January 3, 2014 after obtaining the necessary regulatory approvals and completing all closing activities. The purchase price included $422.4 million of cash payments (net of cash acquired) and $31.5 million of notes payable due in 2015. The purchase price is subject to working capital adjustments, which we expect to finalize in 2014.

See Note 8, "Business Combinations" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for more information regarding our acquisition of Keystone Specialty.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our results of operations are exposed to changes in interest rates primarily with respect to borrowings under our credit facility, 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. and RBS Citizens, N.A.).

As of December 31, 2013, we held six interest rate swap contracts representing a total of $420 million of U.S. dollar-denominated notional amount debt, £50 million of pound sterling-denominated notional amount debt, and CAD $25 million of Canadian 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 October 2015 through December 2016. In total, we had 78% and 64% of our variable rate debt under our credit facility at fixed rates at December 31, 2013 and 2012, respectively. As of December 31, 2013, the fair market value of these swap contracts was a net liability of $8.5 million. The values of such contracts are subject to changes in interest rates.

At December 31, 2013, we had $146 million of variable rate debt that was not hedged, and in January 2014, we increased our revolver borrowings by $370 million and our receivables securitization borrowings by $80 million related to our acquisition of Keystone Specialty. Including these subsequent borrowings, a 100 basis point movement in interest rates would change interest expense by $6 million over the next twelve months. To the extent that we have cash investments earning interest, a portion of the increase in interest expense resulting from a variable rate change would be mitigated by higher interest income.

The proceeds of our May 2013 senior notes offering were used to finance our euro-denominated acquisition of Sator, as well as to repay a portion of our pound sterling-denominated revolver borrowings held by our European operations. In connection with these transactions, in 2013 we entered into euro-denominated and pound sterling-denominated intercompany notes, which we intend to settle and which may incur transaction gains and losses from fluctuations in the U.S. dollar against these currencies. To mitigate these fluctuations, we entered into foreign currency forward contracts to sell €150.0 million for $195.0 million and £70.0 million for $105.8 million. The gains or losses from the remeasurement of these contracts are recorded to earnings to offset the remeasurement of the related notes. As of December 31, 2013, the fair market value of these forward contracts was a liability of $21.8 million.

Additionally, we are exposed to currency fluctuations with respect to the purchase of aftermarket products from foreign countries. The majority of our foreign inventory purchases are from manufacturers based in Taiwan. While our transactions with manufacturers based in Taiwan are conducted in U.S. dollars, changes in the relationship between the U.S. dollar and the Taiwan dollar might impact the purchase price of aftermarket products. Our aftermarket operations in Canada, which also purchase inventory from Taiwan in U.S. dollars, are further subject to changes in the relationship between the U.S. dollar and the Canadian dollar. Our aftermarket operations in the U.K. also source a portion of their inventory from Taiwan, as well as from other European countries and China, resulting in exposure to changes in the relationship of the pound sterling against the euro and the U.S. dollar. We hedge our exposure to foreign currency fluctuations for certain of our purchases in our European operations, but the notional amount and fair value of these foreign currency forward contracts at December 31, 2013 were immaterial. We do not currently attempt to hedge our foreign currency exposure related to our foreign currency denominated inventory purchases in our North American operations, and we may not be able to pass on any price increases to our customers.

Foreign currency fluctuations may also 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 in Europe and other countries represented 30% of our revenue during 2013. An increase or decrease in the strength of the U.S. dollar against these currencies by 10% would result in a 3% change in our consolidated revenue and our operating income for the year ended December 31, 2013.

Other than with respect to our intercompany transactions denominated in euro and pound sterling and a portion of our foreign currency denominated inventory purchases in the U.K., 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. Additionally, we have elected not to hedge the foreign currency risk related to the interest payments on these borrowings as we generate Canadian dollar, pound sterling and euro cash flows that can be used to fund

debt payments. As of December 31, 2013, we had amounts outstanding under our revolving credit facility denominated in Canadian dollars of CAD $110.0 million ($103.6 million), pounds sterling of £72.9 million ($120.6 million) and euros of €7.0 million ($9.6 million).

We are also 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 as well as 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. Therefore, we can experience positive or negative gross margin effects in periods of rising or falling metal prices, particularly when such prices move rapidly. If market prices were to fall at a greater rate than our vehicle acquisition costs, we could experience a decline in gross margin. As of December 31, 2013, we held short-term metals forward contracts to mitigate a portion of our exposure to fluctuations in metals prices specifically related to our precious metals refining and reclamation business acquired in 2012. The notional amount and fair value of these forward contracts at December 31, 2013 were immaterial.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

*****

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of LKQ Corporation:

We have audited the accompanying consolidated balance sheets of LKQ Corporation and subsidiaries (the "Company") as of December 31, 2013 and 2012, and 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, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of LKQ Corporation and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
March 3, 2014

LKQ CORPORATION AND SUBSIDIARIES

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

	December 31, 2013	December 31, 2012
Assets		
Current Assets:		
Cash and equivalents	$ 150,488	$ 59,770
Receivables, net	458,094	311,808
Inventory	1,076,952	900,803
Deferred income taxes	63,938	53,485
Prepaid income taxes	8,069	29,537
Prepaid expenses and other current assets	42,276	28,948
Total Current Assets	1,799,817	1,384,351
Property and Equipment, net	546,651	494,379
Intangible Assets:		
Goodwill	1,937,444	1,690,284
Other intangibles, net	153,739	106,715
Other Assets	81,123	47,727
Total Assets	$ 4,518,774	$ 3,723,456
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 349,069	$ 219,335
Accrued expenses:		
Accrued payroll-related liabilities	58,695	44,400
Other accrued expenses	140,074	90,422
Income taxes payable	17,440	2,748
Contingent consideration liabilities	52,465	42,255
Other current liabilities	18,675	17,068
Current portion of long-term obligations	41,535	71,716
Total Current Liabilities	677,953	487,944
Long-Term Obligations, Excluding Current Portion	1,264,246	1,046,762
Deferred Income Taxes	133,822	102,275
Contingent Consideration Liabilities	3,188	47,754
Other Noncurrent Liabilities	88,820	74,627
Commitments and Contingencies		
Stockholders' Equity:		
Common stock, $0.01 par value,1,000,000,000 and 500,000,000 shares authorized, 300,805,276 and 297,810,896 shares issued and outstanding at December 31, 2013 and 2012, respectively	3,008	2,978
Additional paid-in capital	1,006,084	950,338
Retained earnings	1,321,642	1,010,019
Accumulated other comprehensive income	20,011	759
Total Stockholders' Equity	2,350,745	1,964,094
Total Liabilities and Stockholders' Equity	$ 4,518,774	$ 3,723,456

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

LKQ CORPORATION AND SUBSIDIARIES

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

	Year Ended December 31,		
	2013	2012	2011
Revenue	$ 5,062,528	$ 4,122,930	$ 3,269,862
Cost of goods sold	2,987,126	2,398,790	1,877,869
Gross margin	2,075,402	1,724,140	1,391,993
Facility and warehouse expenses	425,081	347,917	293,423
Distribution expenses	431,947	375,835	287,626
Selling, general and administrative expenses	597,052	495,591	391,942
Restructuring and acquisition related expenses	10,173	2,751	7,590
Depreciation and amortization	80,969	64,093	49,929
Operating income	530,180	437,953	361,483
Other expense (income):			
Interest expense	51,184	31,429	24,307
Loss on debt extinguishment	2,795	—	5,345
Change in fair value of contingent consideration liabilities	2,504	1,643	(1,408)
Interest and other income, net	(2,130)	(4,286)	(2,532)
Total other expense, net	54,353	28,786	25,712
Income before provision for income taxes	475,827	409,167	335,771
Provision for income taxes	164,204	147,942	125,507
Net income	$ 311,623	$ 261,225	$ 210,264
Earnings per share:			
Basic	$ 1.04	$ 0.88	$ 0.72
Diluted	$ 1.02	$ 0.87	$ 0.71

Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31,		
	2013	2012	2011
Net income	$ 311,623	$ 261,225	$ 210,264
Other comprehensive income (loss), net of tax:			
Foreign currency translation	14,056	12,921	(4,273)
Net change in unrecognized gains/losses on derivative instruments, net of tax	4,495	(3,201)	(9,066)
Unrealized gain on pension plan, net of tax	701	—	—
Total other comprehensive income (loss)	19,252	9,720	(13,339)
Total comprehensive income	$ 330,875	$ 270,945	$ 196,925

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,		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 311,623	$ 261,225	$ 210,264
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	86,463	70,165	54,505
Stock-based compensation expense	22,036	15,634	13,107
Deferred income taxes	4,279	4,222	9,302
Excess tax benefit from stock-based payments	(18,348)	(15,737)	(7,973)
Other	9,630	4,515	6,556
Changes in operating assets and liabilities, net of effects from acquisitions:			
Receivables	(44,670)	(12,813)	(18,074)
Inventory	(69,222)	(95,042)	(90,091)
Prepaid expenses and other assets	(5,224)	(18,952)	(5,094)
Prepaid income taxes/income taxes payable	49,993	(774)	2,251
Accounts payable	49,641	(15,097)	28,589
Accrued expenses and other current liabilities	23,256	2,208	(3,303)
Other noncurrent liabilities	8,599	6,636	11,733
Net cash provided by operating activities	428,056	206,190	211,772
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(90,186)	(88,255)	(86,416)
Proceeds from sales of property and equipment	2,100	1,057	1,743
Investment in unconsolidated subsidiary	(9,136)	—	—
Acquisitions, net of cash acquired	(408,384)	(265,336)	(486,934)
Net cash used in investing activities	(505,606)	(352,534)	(571,607)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of stock options	15,392	17,693	11,919
Excess tax benefit from stock-based payments	18,348	15,737	7,973
Debt issuance costs	(16,940)	(253)	(11,048)
Proceeds from issuance of senior notes	600,000	—	—
Borrowings under revolving credit facility	437,023	742,381	1,111,369
Repayments under revolving credit facility	(748,086)	(855,402)	(453,867)
Borrowings under term loans	35,000	200,000	250,000
Repayments under term loans	(16,875)	(20,000)	(600,464)
Borrowings under receivables securitization facility	41,500	82,700	—
Repayments under receivables securitization facility	(121,500)	(2,700)	—
Repayments of other long-term debt	(45,062)	(18,791)	(4,471)
Payments of other obligations	(32,859)	(4,293)	—
Net cash provided by financing activities	165,941	157,072	311,411
Effect of exchange rate changes on cash and equivalents	2,327	795	982
Net increase (decrease) in cash and equivalents	90,718	11,523	(47,442)
Cash and equivalents, beginning of period	59,770	48,247	95,689
Cash and equivalents, end of period	$ 150,488	$ 59,770	$ 48,247
Supplemental disclosure of cash paid for:			
Income taxes, net of refunds	$ 110,862	$ 146,478	$ 113,433
Interest	45,253	29,026	21,354
Supplemental disclosure of noncash investing and financing activities:			
Notes payable and long-term obligations, including notes issued in connection with business acquisitions	$ 8,360	$ 21,626	$ 56,429
Contingent consideration liabilities	3,854	5,456	81,239
Non-cash property and equipment additions	6,615	21,031	3,981

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

LKQ CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity
(In thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares Issued	Amount				
BALANCE, January 1, 2011	290,933	$ 2,909	$ 868,344	$ 538,530	$ 4,378	$ 1,414,161
Net income	—	—	—	210,264	—	210,264
Other comprehensive loss	—	—	—	—	(13,339)	(13,339)
Restricted stock units vested	164	2	(2)	—	—	—
Stock issued as director compensation	32	—	399	—	—	399
Stock-based compensation expense	—	—	12,708	—	—	12,708
Exercise of stock options	2,768	28	11,891	—	—	11,919
Excess tax benefit from stock-based payments	—	—	7,973	—	—	7,973
BALANCE, December 31, 2011	293,897	$ 2,939	$ 901,313	$ 748,794	$ (8,961)	$ 1,644,085
Net income	—	—	—	261,225	—	261,225
Other comprehensive income	—	—	—	—	9,720	9,720
Restricted stock units vested	467	5	(5)	—	—	—
Stock-based compensation expense	—	—	15,634	—	—	15,634
Exercise of stock options	3,447	34	17,659	—	—	17,693
Excess tax benefit from stock-based payments	—	—	15,737	—	—	15,737
BALANCE, December 31, 2012	297,811	$ 2,978	$ 950,338	$1,010,019	$ 759	$ 1,964,094
Net income	—	—	—	311,623	—	311,623
Other comprehensive income	—	—	—	—	19,252	19,252
Restricted stock units vested	595	6	(6)	—	—	—
Stock-based compensation expense	—	—	22,036	—	—	22,036
Exercise of stock options	2,399	24	15,368	—	—	15,392
Excess tax benefit from stock-based payments	—	—	18,348	—	—	18,348
BALANCE, December 31, 2013	300,805	$ 3,008	$1,006,084	$1,321,642	$ 20,011	$ 2,350,745

The accompanying notes are an integral part of the 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 provide replacement parts, components and systems needed to repair cars and trucks. We are the nation's largest provider of alternative vehicle collision replacement products, and a leading provider of alternative vehicle mechanical replacement products. We also have operations in the United Kingdom, the Netherlands, Belgium, Northern France, Canada, Mexico and Central America. In total, we operate more than 570 facilities.

In 2012, our Board of Directors approved a two-for-one split of our common stock. The stock split was completed in the form of a stock dividend that was issued on September 18, 2012 to stockholders of record at the close of business on August 28, 2012. The stock began trading on a split adjusted basis on September 19, 2012. The Company’s historical share and per share information within this Annual Report on Form 10-K has been retroactively adjusted to give effect to this stock split.

At the 2013 Annual Meeting of Stockholders in May 2013, our stockholders approved an amendment to our Certificate of Incorporation to increase the number of authorized shares of common stock from 500 million to 1 billion. The increased number of authorized shares is reflected on our Consolidated Balance Sheet as of December 31, 2013.

Note 2. 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 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, 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 $26.6 million and $24.7 million at December 31, 2013 and 2012, 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, cores and other metals 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 $14.4 million and $9.5 million at December 31, 2013 and 2012, 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 equivalents and accounts receivable. We control our exposure to credit risk associated with these instruments by (i) placing our

cash and 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.

Inventory

We classify our inventory into the following categories: aftermarket and refurbished vehicle replacement products; and salvage and remanufactured vehicle replacement products.

An aftermarket product is a new vehicle product manufactured by a company other than the original equipment manufacturer. Cost is established based on the average price we pay for parts, and includes expenses incurred for freight and overhead costs. For items purchased from foreign companies, import fees and duties and transportation insurance are also included. Refurbished inventory cost is based on the average price we pay for cores, which are recycled automotive parts that are not suitable for sale as a replacement part without further processing. The cost of our refurbished inventory also includes expenses incurred for freight, labor and other overhead.

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. 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.

For all inventory, carrying value is recorded at the lower of cost or market 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.

Inventory consists of the following (in thousands):

	December 31,	
	2013	2012
Aftermarket and refurbished products	$ 706,600	$ 523,677
Salvage and remanufactured products	370,352	377,126
	$ 1,076,952	$ 900,803

Property and Equipment

Property 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 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
Furniture, fixtures and equipment	3-20 years
Computer equipment and software	3-10 years
Vehicles and trailers	3-10 years

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

	December 31,	
	2013	2012
Land and improvements	$ 101,018	$ 87,720
Buildings and improvements	143,535	133,368
Furniture, fixtures and equipment	282,862	243,565
Computer equipment and software	108,424	91,588
Vehicles and trailers	64,381	51,187
Leasehold improvements	108,625	91,280
	808,845	698,708
Less—Accumulated depreciation	(294,183)	(231,130)
Construction in progress	31,989	26,801
	$ 546,651	$ 494,379

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 relationships and covenants not to compete.

Goodwill is tested for impairment at least annually, and we performed annual impairment tests during the fourth quarters of 2013, 2012 and 2011. The results of all of these tests indicated that goodwill was not impaired.

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

	North America	Europe	Total
Balance as of January 1, 2011	$ 1,032,973	$ —	$ 1,032,973
Business acquisitions and adjustments to previously recorded goodwill	105,177	337,031	442,208
Exchange rate effects	(1,520)	2,402	882
Balance as of December 31, 2011	$ 1,136,630	$ 339,433	$ 1,476,063
Business acquisitions and adjustments to previously recorded goodwill	201,742	(4,140)	197,602
Exchange rate effects	1,459	15,160	16,619
Balance as of December 31, 2012	$ 1,339,831	$ 350,453	$ 1,690,284
Business acquisitions and adjustments to previously recorded goodwill	27,035	208,412	235,447
Exchange rate effects	(7,929)	19,642	11,713
Balance as of December 31, 2013	$ 1,358,937	$ 578,507	$ 1,937,444

In 2013 and 2012, we finalized the valuation of certain intangible assets acquired related to our 2012 and 2011 acquisitions, respectively. As these adjustments did not have a material impact on our financial position or results of operations, we recorded these adjustments to goodwill and amortization expense in 2013 and 2012, respectively.

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

	December 31, 2013			December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trade names and trademarks	$ 143,577	$ (27,950)	$ 115,627	$ 118,422	$ (21,599)	$ 96,823
Customer relationships	29,583	(10,770)	18,813	14,426	(6,642)	7,784
Software and other technology related assets	20,384	(2,718)	17,666	—	—	—
Covenants not to compete	3,979	(2,346)	1,633	3,654	(1,546)	2,108
	$ 197,523	$ (43,784)	$ 153,739	$ 136,502	$ (29,787)	$ 106,715

During 2013, we recorded $23.9 million of trade names, $19.3 million of software and technology related assets, $14.1 million of customer relationships and $0.3 million of covenants not to compete resulting from our 2013 acquisitions and adjustments to certain preliminary intangible asset valuations from our 2012 acquisitions. The trade names, software and technology related assets, and customer relationships recorded in 2013 included $23.5 million, $19.3 million and $2.5 million, respectively, related to our acquisition of Sator Beheer B.V. ("Sator") as discussed in Note 8, "Business Combinations." We also recognized $11.4 million of customer relationships related to our acquisitions of five automotive paint distributors in 2013. In 2012, we recorded $0.6 million of trade names, $4.1 million of customer relationships and $0.6 million of covenants not to compete resulting from our 2012 acquisitions and adjustments to certain preliminary intangible asset valuations from our 2011 acquisitions.

Trade names and trademarks are amortized over a useful life ranging from 10 to 30 years on a straight-line basis. Customer relationships are amortized over the expected period to be benefited (5 to 13 years) on either a straight-line or accelerated basis. Software and other technology related assets are amortized on a straight-line basis over the expected period to be benefited (five years). Covenants not to compete are amortized over the lives of the respective agreements, which range from one to five years, on a straight-line basis. Amortization expense for intangibles was $13.8 million, $9.5 million and $7.9 million during the years ended December 31, 2013, 2012 and 2011, respectively. Estimated amortization expense for each of the five years in the period ending December 31, 2018 is $17.0 million, $15.1 million, $13.9 million, $13.2 million and $10.1 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. There were no material adjustments to the carrying value of long-lived assets during the years ended December 31, 2013, 2012 or 2011.

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 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 claim information to project future warranty claims activity. The changes in the warranty reserve are as follows (in thousands):

Balance as of January 1, 2012	$	7,347
Warranty expense		29,628
Warranty claims		(27,514)
Business acquisitions		1,113
Balance as of December 31, 2012	$	10,574
Warranty expense		29,674
Warranty claims		(27,801)
Balance as of December 31, 2013	$	12,447

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 analyses 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 $55.6 million and $44.1 million, including $25.8 million and $21.5 million classified as Other Accrued Expenses, as of December 31, 2013 and 2012, respectively. The remaining balances of self-insurance reserves are classified as Other Noncurrent Liabilities, which reflects management's estimates of when claims will be paid. The reserves presented on the Consolidated Balance Sheets are net of claims deposits of $0.5 million at both December 31, 2013 and 2012. In addition to these claims deposits, we had outstanding letters of credit of $43.0 million and $37.1 million at December 31, 2013 and 2012, 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.

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.

U.S. federal income taxes are not provided on our interest in undistributed earnings of foreign subsidiaries when it is management's intent that such earnings will remain invested in those subsidiaries or other foreign subsidiaries. Taxes will be provided on these earnings in the period in which a decision is made to repatriate the earnings.

Investment in Unconsolidated Subsidiary

In August 2013, we entered into an agreement with Suncorp Group, a leading general insurance group in Australia and New Zealand, to develop ACM Parts Pty Ltd ("ACM Parts"), an alternative vehicle replacement parts business in those countries. We hold a 49% equity interest in the entity and will contribute our experience to help establish automotive parts recycling operations and to facilitate the procurement of aftermarket parts; Suncorp Group holds a 51% equity interest and will supply salvage vehicles to the venture as well as assist in establishing relationships with repair shops as customers. We are accounting for our interest in this subsidiary using the equity method of accounting, as our investment gives us the ability to exercise significant influence, but not control, over the investee. The total of our investment in ACM Parts is included within Other Assets on our Consolidated Balance Sheets. As of December 31, 2013, the carrying value of our investment in this unconsolidated subsidiary was $8.9 million. Our equity in the net earnings of the investee for the year ended December 31, 2013 was not material.

Depreciation Expense

Included in Cost of Goods Sold on the Consolidated Statements of Income is depreciation expense associated with our refurbishing, remanufacturing, and furnace operations and our distribution centers.

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 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

Effective January 1, 2013, we adopted the FASB ASU 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” This update requires disclosure of amounts reclassified out of accumulated other comprehensive income ("AOCI") by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. The update does not change the items reported in other

comprehensive income or when an item of other comprehensive income is reclassified to net income. As this guidance only revises the presentation and disclosures related to the reclassification of items out of AOCI, the adoption of this guidance will not affect our financial position, results of operations or cash flows. See Note 12, "Accumulated Other Comprehensive Income (Loss)" for the additional required disclosures.

Note 3. Equity Incentive Plans

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 69.9 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, 14 million shares remained available for issuance as of December 31, 2013. We expect to issue new shares of common stock to cover past and future equity grants.

As a result of the stock split in September 2012 as discussed in Note 1, "Business," the following adjustments were made in accordance with the nondiscretionary antidilution provisions of our 1998 Equity Incentive Plan: the number of shares available for issuance doubled; the number of outstanding RSUs, shares subject to stock options and shares of restricted stock all also doubled; and the exercise prices of outstanding stock options were reduced to 50% of the exercise prices prior to the stock split.

RSUs

RSUs vest over periods of up to five years, subject to a continued service condition. Each RSU converts into one share of LKQ common stock on the applicable vesting date. Shares of restricted stock may not be sold, pledged or otherwise transferred until they vest. The grant date fair value of RSUs is based on the market price of LKQ stock on the grant date.

In March 2013, the Compensation Committee approved the cancellation of 671,400 unvested RSUs held by our executive officers and approved the issuance of 946,800 RSUs containing both a performance-based vesting condition and a time-based vesting condition. Of the 946,800 RSUs, 671,400 were granted as a replacement of the canceled RSUs and include a performance-based condition that the Company reports positive diluted earnings per share, subject to certain adjustments, during the year ending December 31, 2013. In addition, these RSUs retain the same remaining time-based vesting conditions as the canceled RSUs (vesting in equal tranches each six months beginning July 2013 through either January 2016 or January 2017). The remaining 275,400 RSUs granted in March 2013 include a performance-based condition that the Company reports positive diluted earnings per share, subject to certain adjustments, during any fiscal year period within five years following the grant date. In addition, these RSUs include a time-based vesting condition, vesting in equal tranches each six months beginning July 2013 through January 2016. In all cases, both conditions must be met before any RSUs vest. If the applicable performance-based condition of an RSU is not met, the RSU is forfeited. If and when the performance-based condition is met, all applicable RSUs that had previously met the time-based vesting condition will vest immediately and the remaining RSUs will vest according to the remaining schedule of the time-based condition.

The fair value of RSUs that vested during the years ended December 31, 2013, 2012 and 2011 was $14.4 million, $7.8 million and $2.2 million, respectively.

In January 2014, our Board of Directors granted 585,160 RSUs to employees.

Stock Options

Stock options vest over periods of up to five years, subject to a continued service condition. Stock options expire ten years from the date they are granted.

The total grant-date fair value of options that vested during the years ended December 31, 2013, 2012 and 2011 was $5.1 million, $7.2 million and $8.6 million respectively. The total intrinsic value (market value of stock less option exercise price) of stock options exercised was $46.9 million, $45.3 million and $24.8 million during the years ended December 31, 2013, 2012 and 2011, respectively.

Restricted Stock

Restricted stock vests over a five year period, subject to a continued service condition. Shares of restricted stock may not be sold, pledged or otherwise transferred until they vest.

The fair value of restricted stock that vested during the years ended December 31, 2013, 2012 and 2011 was $2.3 million, $1.6 million and $1.1 million, respectively.

A summary of transactions in our stock-based compensation plans is as follows:

		RSUs		Stock Options		Restricted Stock	
	Shares Available For Grant	Number Outstanding	Weighted Average Grant Date Fair Value	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Grant Date Fair Value
Balance, January 1, 2011	4,280,180	—	$ —	16,147,930	$ 6.14	308,000	$ 9.50
Granted	(1,643,348)	1,643,348	11.80	—	—	—	—
Shares Issued for Director Compensation	(31,166)	—	—	—	—	—	—
Exercised	—	—	—	(2,768,038)	4.31	—	—
Vested	—	(164,862)	11.84	—	—	(96,000)	9.51
Canceled	346,704	(44,904)	11.77	(301,800)	8.44	—	—
Additional Shares Authorized	12,800,000	—	—	—	—	—	—
Balance, December 31, 2011	15,752,370	1,433,582	$ 11.80	13,078,092	$ 6.47	212,000	$ 9.49
Granted	(1,504,410)	1,504,410	15.86	—	—	—	—
Exercised	—	—	—	(3,446,472)	5.13	—	—
Vested	—	(467,208)	13.09	—	—	(96,000)	9.51
Canceled	395,972	(119,422)	14.03	(276,550)	8.30	—	—
Balance, December 31, 2012	14,643,932	2,351,362	$ 14.02	9,355,070	$ 6.90	116,000	$ 9.47
Granted	(924,312)	924,312	22.18	—	—	—	—
Exercised	—	—	—	(2,399,419)	6.41	—	—
Vested	—	(594,961)	15.05	—	—	(96,000)	9.51
Canceled	245,820	(122,500)	16.25	(123,320)	8.89	—	—
Balance, December 31, 2013	13,965,440	2,558,213	$ 16.63	6,832,331	$ 7.04	20,000	$ 9.30

The RSUs containing a performance-based vesting condition that were granted in replacement of canceled RSUs were accounted for as a modification of the original awards, and therefore are not reflected as grants or cancellations in the table above.

The following table summarizes information about expected to vest RSUs and restricted stock, and vested and expected to vest options at December 31, 2013:

	Shares	Weighted Average Remaining Contractual Life (Yrs)	Intrinsic Value (in thousands)	Weighted Average Exercise Price
RSUs	2,462,273	2.8	$ 81,009	$ —
Stock options	6,776,241	4.2	175,394	7.02
Restricted stock	20,000	0.8	658	—

The aggregate intrinsic value represents the total pre-tax intrinsic value based on our closing stock price of $32.90 on December 31, 2013. This amount changes based upon the fair market value of our common stock. The aggregate intrinsic value of total outstanding RSUs and restricted stock was $84.2 million and $0.7 million at December 31, 2013, respectively.

The following table summarizes information about outstanding and exercisable stock options at December 31, 2013:

	Outstanding			Exercisable		
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Yrs)	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (Yrs)	Weighted Average Exercise Price
$1.50 - $3.50	791,646	0.9	$ 2.20	791,646	0.9	$ 2.20
$3.51 - $5.50	1,381,400	2.5	4.84	1,381,400	2.5	4.84
$5.51 - $7.50	1,575,714	5.0	5.98	1,342,293	5.0	5.98
$7.51 - $9.50	203,166	5.1	9.23	175,366	5.0	9.24
$9.51 +	2,880,405	5.4	9.85	2,060,757	5.2	9.81
	6,832,331	4.2	$ 7.04	5,751,462	3.9	$ 6.65

The aggregate intrinsic value of outstanding and exercisable stock options at December 31, 2013 was $176.7 million and $151.0 million, respectively.

For the 2013 RSU grants 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. For the RSUs that were canceled and replaced, the fair values of the RSUs immediately before and after the modification were the same. As a result, there was no charge recorded in 2013 and the expense for these RSUs was continued at the grant date fair value. During the year ended December 31, 2013, we recognized $8.3 million 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.

In all cases, compensation expense is adjusted to reflect estimated forfeitures. When estimating forfeitures, we consider voluntary and involuntary termination behavior as well as analysis of historical forfeitures.

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

	Year Ended December 31,		
	2013	2012	2011
RSUs	$ 17,299	$ 8,411	$ 3,666
Stock options	4,529	6,310	8,129
Restricted stock	208	913	913
Stock issued to non-employee directors	—	—	399
Total stock-based compensation expense	$ 22,036	$ 15,634	$ 13,107

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

	Year Ended December 31,		
	2013	2012	2011
Cost of goods sold	$ 392	$ 376	$ 327
Facility and warehouse expenses	2,745	2,465	2,391
Selling, general and administrative expenses	18,899	12,793	10,389
	22,036	15,634	13,107
Income tax benefit	(8,594)	(6,097)	(5,059)
Total stock-based compensation expense, net of tax	$ 13,442	$ 9,537	$ 8,048

We have not capitalized any stock-based compensation costs during the years ended December 31, 2013, 2012 or 2011.

As of December 31, 2013, unrecognized compensation expense related to unvested RSUs, stock options and restricted stock is expected to be recognized as follows (in thousands):

	RSUs	Stock Options	Restricted Stock	Total
2014	$ 12,522	$ 2,724	$ 139	$ 15,385
2015	9,123	69	—	9,192
2016	5,611	—	—	5,611
2017	2,666	—	—	2,666
2018	118	—	—	118
Total unrecognized compensation expense	$ 30,040	$ 2,793	$ 139	$ 32,972

Note 4. Long-Term Obligations

Long-Term Obligations consist of the following (in thousands):

	December 31,	
	2013	2012
Senior secured credit agreement:		
Term loans payable	$ 438,750	$ 420,625
Revolving credit facility	233,804	553,964
Senior notes	600,000	—
Receivables securitization facility	—	80,000
Notes payable through October 2018 at weighted average interest rates of 1.1% and 1.7%, respectively	15,730	42,398
Other long-term debt at weighted average interest rates of 3.5% and 3.3%, respectively	17,497	21,491
	1,305,781	1,118,478
Less current maturities	(41,535)	(71,716)
	$ 1,264,246	$ 1,046,762

The scheduled maturities of long-term obligations outstanding at December 31, 2013 are as follows (in thousands):

2014	$ 41,535
2015	27,934
2016	25,240
2017	23,334
2018	583,140
Thereafter	604,598
	$ 1,305,781

Senior Secured Credit Agreement

On May 3, 2013, we entered into an amended and restated credit agreement (the "Credit Agreement") with the several lenders from time to time party thereto, Wells Fargo Bank, National Association, as administrative agent, Bank of America N.A., as syndication agent, The Bank of Tokyo-Mitsubishi UFJ, LTD ("BTMU") and RBS Citizens, N.A., as co-documentation agents, and Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BTMU, and RBS Citizens, N.A., as joint lead arrangers and joint bookrunners. The Credit Agreement retains many of the terms of the Company's amended and restated credit agreement dated September 30, 2011 (the “Original Credit Agreement”) while also modifying certain terms to (1) extend the maturity date by approximately two years to May 3, 2018; (2) increase the total availability under the Credit Agreement from $1.4 billion to $1.8 billion (composed of $1.2 billion in the revolving credit facility's multicurrency component, $150 million in the revolving credit facility's US dollar component, and $450 million of term loans); (3) increase the amount of letters of credit that may be issued under the revolving credit facility to $150 million from $125 million; (4) raise the amount of the swing line loans available under the revolving credit facility to $50 million from $25

million; (5) increase the maximum net leverage ratio covenant; (6) add certain subsidiaries as additional borrowers under the revolving credit facility; and (7) make other immaterial or clarifying modifications and amendments to the terms of the Original Credit Agreement. The Credit Agreement allows the Company to increase the amount of the revolving credit facility or obtain incremental term loans up to the greater of $400 million or the amount that may be borrowed while maintaining a senior secured leverage ratio of less than or equal to 2.50 to 1.00, subject to the agreement of the lenders. The proceeds of the Credit Agreement were used to repay amounts outstanding under the Original Credit Agreement, to pay fees related to the amendment and restatement, and for general corporate purposes.

Amounts under the revolving credit facility are due and payable upon maturity of the Credit Agreement on May 3, 2018. Amounts under the initial and additional term borrowings are due and payable in quarterly installments equal to 1.25% of the original principal amount beginning on September 30, 2013 with the remaining balance due and payable on the maturity date of the Credit Agreement. 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 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 under which we (i) may not exceed a maximum net leverage ratio of 3.50 to 1.00 (an increase from 3.00 to 1.00 under the Original Credit Agreement), except in connection with permitted acquisitions with aggregate consideration in excess of $200 million during any period of four consecutive fiscal quarters in which case the maximum net leverage ratio may increase to 4.00 to 1.00 for the subsequent four fiscal quarters (an increase from 3.50 to 1.00 under the Original Credit Agreement) and (ii) are required to maintain a minimum interest coverage ratio of 3.00 to 1.00.

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 5, "Derivative Instruments and Hedging Activities," the weighted average interest rates on borrowings outstanding against the Credit Agreement at December 31, 2013 and 2012 were 3.05% and 2.85%, respectively. We also pay a commitment fee based on the average daily unused amount of the revolving credit facility. The commitment fee is subject to change in increments of 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, as well as a fronting fee of 0.125% to the issuing bank, which are due quarterly in arrears. Borrowings under the Credit Agreement totaled $672.6 million and $974.6 million at December 31, 2013 and 2012, respectively, of which $22.5 million and $31.9 million were classified as current maturities, respectively. As of December 31, 2013, there were letters of credit outstanding in the aggregate amount of $45.6 million. The amounts available under the revolving credit facility are reduced by the amounts outstanding under letters of credit, and thus availability on the revolving credit facility at December 31, 2013 was $1.1 billion. In January 2014, we increased our borrowings under the Credit Agreement by $370 million in connection with our acquisition of Keystone Specialty, as described in Note 8, "Business Combinations."

Related to the execution of the Credit Agreement, we incurred $7.2 million of fees, of which $6.1 million were capitalized within Other Assets on our Consolidated Balance Sheet and are amortized over the term of the agreement. The remaining $1.1 million of fees were expensed, together with $1.7 million of capitalized debt issuance costs related to the Original Credit Agreement, as a loss on debt extinguishment in our Consolidated Statements of Income for the year ended December 31, 2013.

Senior Notes

On May 9, 2013, we completed an offering of $600 million aggregate principal amount of senior notes due May 15, 2023 (the "Notes") in a private placement conducted pursuant to Rule 144A and Regulation S under the Securities Act of 1933. The proceeds from the offering were used to repay revolver borrowings under our Credit Agreement, including amounts borrowed to finance our acquisition of Sator in May 2013 as discussed further in Note 8, "Business Combinations," to pay related fees and expenses and for general corporate purposes. The Notes 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 Notes bear interest at a rate of 4.75% per year from the date of the original issuance or from the most recent payment date on which interest has been paid or provided for. Interest on the Notes is payable in arrears on May 15 and November 15 of each year. The first interest payment was made on November 15, 2013. The Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The Notes and the guarantees are our and each Guarantor's senior unsecured obligations and are subordinated to all of the Guarantor's existing and future secured debt to the extent of the assets securing that secured debt. In addition, the Notes are

effectively subordinated to all of the liabilities of our subsidiaries that are not guaranteeing the Notes to the extent of the assets of those subsidiaries.

The Notes will be redeemable, in whole or in part, at any time on or after May 15, 2018 on the redemption dates and at the respective redemption prices specified in the Indenture. In addition, we may redeem up to 35% of the notes before May 15, 2016 with the net cash proceeds from certain equity offerings. We may also redeem some or all of the notes before May 15, 2018 at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date, plus a "make whole" premium. We may be required to make an offer to purchase the notes upon the sale of certain assets, subject to certain exceptions, and upon a change of control.

In connection with the sale of the Notes, the Company entered into a Registration Rights Agreement dated as of May 9, 2013 (the "Registration Rights Agreement") with the Guarantors and the representative of the initial purchasers of the Notes identified therein. Under the Registration Rights Agreement, the Company and the Guarantors have agreed to (i) file an exchange offer registration statement to exchange the Notes for a new issue of debt securities registered under the Securities Act of 1933, with terms substantially identical to those of the Notes (except that the exchange notes will not contain terms with respect to additional interest, registration rights, or certain transfer restrictions); (ii) use their commercially reasonable efforts to consummate the exchange offer within 365 days after the issue date of the Notes; and (iii) in certain circumstances, file a shelf registration statement for the resale of the Notes. If the Company and the Guarantors fail to consummate the exchange offer within 365 days of the issue date of the Notes or otherwise fail to satisfy their registration obligations under the Registration Rights Agreement, then the annual interest rate on the Notes will increase by 0.25% per annum and by an additional 0.25% per annum for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.0% per annum.

Fees incurred related to the offering of the Notes totaling $9.7 million were capitalized within Other Assets on our Consolidated Balance Sheet and are amortized over the term of the Notes.

Receivables Securitization Facility

On September 28, 2012, we entered into a three year receivables securitization facility with BTMU as Administrative Agent. 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 up to $80 million in 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 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 investors. As of December 31, 2012, $116.9 million of net Receivables were collateral for the investment under the receivables facility. There were no borrowings outstanding under the receivables facility as of December 31, 2013. In January 2014, we borrowed the maximum amount of $80 million in connection with our acquisition of Keystone Automotive Holdings, Inc. (“Keystone Specialty”), as described in Note 8, "Business Combinations."

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 London InterBank Offered Rate ("LIBOR") plus 1.25%, or (iii) base rates, and are payable monthly in arrears. Commercial paper rates will be 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 plus 1.25% 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, 2012, the interest rate under the receivables facility was based on commercial paper rates and was 1.05%. During 2012, we also incurred $0.3 million of arrangement fees and other related transaction costs which were capitalized within Other Assets on the Consolidated Balance Sheets and are amortized over the term of the facility. The outstanding balance of $80 million as of December 31, 2012 was 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 5. 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, changing foreign exchange rates for certain foreign currency denominated transactions and changes in metals prices. We do not hold or issue derivatives for trading purposes.

Cash Flow Hedges

At December 31, 2013, we had interest rate swap agreements in place 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 or the Canadian Dealer Offered Rate ("CDOR") 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 Income (Loss) 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 2015 through 2016.

We hold foreign currency forward contracts related to certain foreign currency denominated intercompany transactions, with the objective of minimizing the impact of changing exchange rates on these future cash flows, as well as minimizing the impact of fluctuating exchange rates on our results of operations through the respective dates of settlement. Under the terms of the foreign currency forward contracts, we will sell euros and pounds sterling 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 Income (Loss) and reclassified to other income (expense) when the underlying transaction has an impact on earnings. In January 2014, we settled our £70 million foreign currency forward contract and the underlying intercompany transaction. Our €150 million forward contract also expires in 2014.

The following table summarizes the notional amounts and fair values of our designated cash flow hedges of December 31, 2013 (in thousands):

	Notional Amount		Fair Value at December 31, 2013 (USD)		Fair Value at December 31, 2012 (USD)	
	December 31, 2013	December 31, 2012	Other Accrued Expenses	Other Noncurrent Liabilities	Other Accrued Expenses	Other Noncurrent Liabilities
Interest rate swap agreements						
USD denominated	$ 420,000	$ 520,000	$ —	$ 8,099	$ 705	$ 12,791
GBP denominated	£ 50,000	£ 50,000	—	345	—	2,135
CAD denominated	C$ 25,000	C$ 25,000	—	26	—	12
Foreign currency forward contracts						
EUR denominated	€ 149,976	—	11,632	—	—	—
GBP denominated	£ 70,000	—	10,186	—	—	—
Total cash flow hedges			$ 21,818	$ 8,470	$ 705	$ 14,938

While our 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, 2013 or 2012.

The activity related to our cash flow hedges is included in Note 12, "Accumulated Other Comprehensive Income (Loss)." In May 2013, we repaid a portion of our variable rate U.S. dollar denominated credit agreement borrowings with the proceeds of our fixed rate senior notes, which resulted in one of our interest rate swap contracts, which expired in October 2013, no longer being designated as an effective cash flow hedge. As a result, we experienced an immaterial amount of hedge ineffectiveness during the year ended December 31, 2013. Hedge ineffectiveness related to our foreign currency forward contracts was immaterial to our results of operations during 2013. 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, 2013, we estimate that $4.0 million of derivative losses (net of tax) included in Accumulated Other Comprehensive Income 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 and commodity forward contracts, to manage our exposure to variability related to purchases of inventory invoiced in a non-functional currency and to metals prices in certain of our operations. 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, 2013 and 2012, along with the effect on our results of operations in 2013 and 2012, were immaterial.

Note 6. 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, 2013, 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. During the year ended December 31, 2013, we entered into several foreign currency forward contracts as described in Note 5, "Derivative Instruments and Hedging Activities," which are recorded at fair market 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, 2013 and 2012 (in thousands):

	Balance as of December 31, 2013	Fair Value Measurements as of December 31, 2013		
		Level 1	Level 2	Level 3
Assets:				
Cash surrender value of life insurance	$ 25,745	$ —	$ 25,745	$ —
Total Assets	$ 25,745	$ —	$ 25,745	$ —
Liabilities:				
Contingent consideration liabilities	$ 55,653	$ —	$ —	$ 55,653
Deferred compensation liabilities	25,232	—	25,232	—
Foreign currency forward contracts	21,818		21,818	
Interest rate swaps	8,470	—	8,470	—
Total Liabilities	$ 111,173	$ —	$ 55,520	$ 55,653

	Balance as of December 31, 2012	Fair Value Measurements as of December 31, 2012		
		Level 1	Level 2	Level 3
Assets:				
Cash surrender value of life insurance	$ 19,492	$ —	$ 19,492	$ —
Total Assets	$ 19,492	$ —	$ 19,492	$ —
Liabilities:				
Contingent consideration liabilities	$ 90,009	$ —	$ —	$ 90,009
Deferred compensation liabilities	19,843	—	19,843	—
Interest rate swaps	15,643	—	15,643	—
Total Liabilities	$ 125,495	$ —	$ 35,486	$ 90,009

The cash surrender value of life insurance and deferred compensation liabilities are included in Other Assets and Other Noncurrent Liabilities, respectively, on our Consolidated Balance Sheets. The contingent consideration liabilities are classified as separate line items in both current and 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 5, "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 as further described in Note 8, "Business Combinations." 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. These unobservable inputs include internally-developed assumptions of the probabilities of achieving specified targets, which are used to determine the resulting cash flows and the applicable discount rate. Our Level 3 fair value measurements are established and updated quarterly by our corporate accounting department using current information about these key assumptions, with the input and oversight of our operational and executive management teams. We evaluate the performance of the business during the period compared to our previous expectations, along with any changes to our future projections, and update the estimated cash flows accordingly. In addition, we consider changes to our cost of capital and changes to the probability of achieving the earnout payment targets when updating our discount rate on a quarterly basis.

The significant unobservable inputs used in the fair value measurements of our Level 3 contingent consideration liabilities were as follows:

	December 31,	
	2013	2012
Unobservable Input	(Weighted Average)	
Probability of achieving payout targets	70.6%	79.7%
Discount rate	6.5%	6.6%

A significant decrease in the assessed probabilities of achieving the targets or a significant increase in the discount rate, in isolation, would result in a significantly lower fair value measurement. Changes in the values of the liabilities are recorded in Change in Fair Value of Contingent Consideration Liabilities within Other Expense (Income) on our Consolidated Statements of Income.

Changes in the fair value of our contingent consideration obligations are as follows (in thousands):

Balance as of January 1, 2012	$	82,382
Contingent consideration liabilities recorded for business acquisitions		5,456
Payments		(3,100)
Increase in fair value included in earnings		1,643
Exchange rate effects		3,628
Balance as of December 31, 2012	$	90,009
Contingent consideration liabilities recorded for business acquisitions		3,854
Payments		(39,117)
Increase in fair value included in earnings		2,504
Exchange rate effects		(1,597)
Balance as of December 31, 2013	$	55,653

The purchase price for our 2011 acquisition of Euro Car Parts Holdings Limited ("ECP") included contingent payments depending on the achievement of certain annual performance targets in 2012 and 2013. The performance target for 2012 was exceeded, and during the three months ended March 31, 2013, we paid £25 million, the maximum contingent payment, through a cash payment of $33.9 million (£22.4 million) and the issuance of notes for $3.9 million (£2.6 million). In April 2013, we amended the ECP contingent payment agreement to waive the 2013 performance targets for the portion related to Draco Limited, one of the sellers of ECP. As a result, we are obligated to pay Draco Limited approximately £27 million in the first quarter of 2014, which is equal to the maximum payment for Draco Limited's share of the contingent payment agreement for the 2013 performance period. The waiver of the 2013 performance targets did not have a material impact on our financial position or results of operations, and it is not expected to have a material impact on our cash flows, as ECP exceeded the stated performance targets for the 2013 performance period, and therefore, earned the maximum payment regardless of the waiver.

During the years ended December 31, 2013 and 2012, the net losses included in earnings related to the remeasurement of our contingent payment liabilities included $3.0 million and $2.6 million of losses, respectively, related to contingent consideration obligations outstanding as of December 31, 2013. The changes in the fair value of contingent consideration

obligations during 2013 and 2012 are a result of the quarterly assessment of the fair value inputs. The loss during the year ended December 31, 2012 also included the impact related to the adoption of FASB ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" (which adoption did not have a material impact).

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, 2013 and 2012, the fair value of our credit agreement borrowings reasonably approximated the carrying value of $673 million and $975 million, respectively. In addition, based on market conditions, the fair value of the outstanding borrowings under the receivables facility reasonably approximated the carrying value of $80 million at December 31, 2012; we did not have any borrowings outstanding under the receivables facility as of December 31, 2013. As of December 31, 2013, the fair value of our senior notes was approximately $561 million compared to a carrying value of $600 million.

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, 2013 to assume these obligations. The fair value of our senior notes, which is determined using quoted market prices in the secondary market, is also classified as Level 2 within the fair value hierarchy because the market for these financial instruments is not considered an active market.

Note 7. Commitments and Contingencies

Operating Leases

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

The future minimum lease commitments under these leases at December 31, 2013 are as follows (in thousands):

Years ending December 31:	
2014	$ 114,405
2015	103,038
2016	85,821
2017	68,173
2018	54,550
Thereafter	220,358
Future Minimum Lease Payments	$ 646,345

Rental expense for operating leases was approximately $122.4 million, $101.1 million and $83.7 million during the years ended December 31, 2013, 2012 and 2011, 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, 2013, our portion of the guaranteed residual value would have totaled approximately $24.6 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 are a plaintiff in a class action lawsuit against several aftermarket product suppliers. During 2012, we recognized gains totaling $17.9 million resulting from settlements with certain of the defendants. These gains were recorded as a reduction of Cost of Goods Sold on our Consolidated Statements of Income. The class action is still pending against two defendants, the results of which are not expected to be material to our results of operations or cash flows.

We also 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 8. Business Combinations

On May 1, 2013, we acquired the shares of Sator, a vehicle mechanical aftermarket parts distribution company based in the Netherlands, with operations in the Netherlands, Belgium and Northern France. With the acquisition of Sator, we expanded our geographic presence in the European vehicle mechanical aftermarket products market into continental Europe to complement our existing U.K. operations. Total acquisition date fair value of the consideration for the acquisition of Sator was €209.8 million ($272.8 million) of cash, net of cash acquired. We recorded $142.7 million of goodwill related to our acquisition of Sator, which we do not expect will be deductible for income tax purposes. In the period between May 1, 2013 and December 31, 2013, Sator generated approximately $265.1 million of revenue and $7.3 million of net income.

In addition to our acquisition of Sator, we made 19 acquisitions during 2013, including 10 wholesale businesses in North America, 7 wholesale businesses in Europe and 2 self service retail operations. Our European acquisitions included five automotive paint distribution businesses in the U.K., which enabled us to expand our collision product offerings. Our other acquisitions completed during 2013 enabled us to expand into new product lines and enter new markets. Total acquisition date fair value of the consideration for these additional 2013 acquisitions was $146.1 million, composed of $134.6 million of cash (net of cash acquired), $7.5 million of notes payable, $0.2 million of other purchase price obligations (non-interest bearing) and $3.9 million for the estimated value of contingent payments to former owners (with maximum potential payments totaling $5.0 million). During the year ended December 31, 2013, we recorded $92.7 million of goodwill related to these acquisitions and immaterial adjustments to preliminary purchase price allocations related to certain of our 2012 acquisitions. We expect $18.3 million of the $92.7 million of goodwill recorded to be deductible for income tax purposes. In the period between the acquisition dates and December 31, 2013, these acquisitions generated $108.5 million of revenue and $3.7 million of net income.

On January 3, 2014, we completed our acquisition of Keystone Automotive Holdings, Inc. (“Keystone Specialty”) for a purchase price of $455.4 million, net of cash acquired. Keystone Specialty is a leading distributor and marketer of specialty aftermarket equipment and accessories in North America serving the following six product segments: truck and off-road; speed and performance; recreational vehicle; towing; wheels, tires and performance handling; and miscellaneous accessories. The purchase price is subject to certain adjustments, including an adjustment related to the net working capital amount of Keystone Specialty at closing. Our acquisition of Keystone Specialty allows us to enter into new product lines and increase the size of our addressable market. In addition, we believe that the acquisition creates potential logistics and administrative cost synergies and cross-selling opportunities.

Also in January 2014, we completed the acquisition of a U.S. based distributor of automotive cores as well as new and remanufactured mechanical automotive replacement parts. We believe this acquisition will expand our core and remanufactured product mix, and will allow us to expand our product offering to include certain parts also purchased by OEMs. In February 2014, we acquired a wholesale salvage operation and a self service operation in North America, which we believe will expand our market share in the respective markets.

We are in the process of completing the purchase accounting for our 2014 acquisitions, and as a result, we are unable to disclose the amounts recognized for each major class of assets acquired and liabilities assumed, or the pro forma effect of the acquisitions on our results of operations.

During the year ended December 31, 2012, we made 30 acquisitions in North America, including 22 wholesale businesses and 8 self service retail operations. These acquisitions enabled us to expand our geographic presence and enter new markets. Additionally, two of our acquisitions were completed with a goal of improving the recovery from scrap and other metals harvested from the vehicles we purchase: a precious metals refining and reclamation business and a scrap metal shredder. Total acquisition date fair value of the consideration for the 2012 acquisitions was $284.6 million, composed of $261.5 million of cash (net of cash acquired), $16.0 million of notes payable, $1.6 million of other purchase price obligations (non-interest bearing) and $5.5 million of contingent payments to former owners. The contingent consideration arrangements made in connection with our 2012 acquisitions have maximum potential payouts totaling $6.5 million. During the year ended December 31, 2012, we recorded $197.6 million of goodwill related to these acquisitions and immaterial adjustments to preliminary purchase price allocations related to certain of our 2011 acquisitions. We expect $157.8 million of the $197.6 million of goodwill recorded to be deductible for income tax purposes.

In October 2011, we expanded our operations into the European automotive aftermarket business through our acquisition of ECP. ECP's product offerings are primarily focused on automotive aftermarket mechanical products, many of which are sourced from the same suppliers that provide products to the OEMs. Total acquisition date fair value of the consideration for the ECP acquisition was £261.6 million ($403.7 million), composed of £190.3 million ($293.7 million) of cash (net of cash acquired), £18.4 million ($28.3 million) of notes payable, £2.7 million ($4.1 million) of other purchase price

obligations (non-interest bearing) and contingent payments of up to £55 million to the former owners of ECP if certain performance targets were met in the years ended December 31, 2013 and 2012. We determined the acquisition date fair value of these contingent payments to be £50.2 million ($77.5 million at the exchange rate on October 3, 2011). As discussed in Note 6, "Fair Value Measurements," we made the full payment related to the 2012 performance period, and in the first quarter of 2014, we will make the full payment related to the 2013 performance period. We recorded goodwill of $332.9 million for the ECP acquisition, which will not be deductible for income tax purposes.

In addition to our acquisition of ECP, we completed 20 acquisitions in North America in 2011 (17 wholesale businesses and 3 self service retail operations), which allowed us to increase our product offerings, to expand our geographic presence and enter new markets. Total acquisition date fair value of the consideration for these 20 acquisitions was $207.3 million, composed of $193.2 million of cash (net of cash acquired), $5.9 million of notes payable, $4.5 million of other purchase price obligations (non-interest bearing) and $3.7 million of contingent payments to former owners. During the year ended December 31, 2011, we recorded $105.2 million of goodwill related to these 20 acquisitions and immaterial adjustments to preliminary purchase price allocations related to certain of our 2010 acquisitions. Of this amount, approximately $88.3 million is expected 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. In connection with the 2013 acquisitions, the purchase price allocations 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.

The purchase price allocations for the acquisitions completed during 2013 and 2012 are as follows (in thousands):

	Year Ended December 31, 2013 (Preliminary)			Year Ended December 31, 2012
	Sator	Other Acquisitions	Total	
Receivables	$ 61,639	$ 38,685	$ 100,324	$ 15,473
Receivable reserves	(8,563)	(3,246)	(11,809)	(1,459)
Inventory	71,784	26,455	98,239	62,305
Prepaid expenses and other current assets	7,184	1,933	9,117	201
Property and equipment	19,484	14,015	33,499	31,930
Goodwill	142,721	92,726	235,447	201,742
Other intangibles	45,293	12,353	57,646	655
Other assets	2,049	1,251	3,300	187
Deferred income taxes	(14,100)	(564)	(14,664)	428
Current liabilities assumed	(49,593)	(36,799)	(86,392)	(22,910)
Debt assumed	—	(664)	(664)	(3,989)
Other noncurrent liabilities assumed	(5,074)	—	(5,074)	—
Contingent consideration liabilities	—	(3,854)	(3,854)	(5,456)
Other purchase price obligations	—	(214)	(214)	(1,647)
Notes issued	—	(7,482)	(7,482)	(15,990)
Cash used in acquisitions, net of cash acquired	$ 272,824	$ 134,595	$ 407,419	$ 261,470

Included in other noncurrent liabilities recorded for our Sator acquisition is a liability for certain pension and other post-retirement obligations we assumed with the acquisition. Due to the immateriality of these plans, we have not provided the detailed disclosures otherwise prescribed by the accounting guidance on pensions and other post-retirement obligations.

The primary reason for our acquisitions made in 2013, 2012 and 2011 was to leverage our strategy of becoming a one-stop provider for alternative vehicle replacement products. These acquisitions enabled us to enter new markets, including our entry into the European automotive market beginning in 2011 with our purchase of ECP. Our acquisition of ECP provides an opportunity to us as the European automotive market has historically had a low penetration of alternative collision parts. By acquiring ECP, a leading distributor of alternative automotive products, we were able to gain access to the European market in

a manner that we viewed as quicker and more cost effective than would have been achievable through a start-up organization and organic growth. The potential growth opportunities, combined with the developed distribution network, experienced management team and established workforce, contributed to the $332.9 million of goodwill recognized related to this acquisition. Our subsequent acquisitions in Europe have allowed us to further expand our market presence in this segment, including continental Europe through the Sator acquisition, as well as to widen our product offerings such as paint and related equipment in the U.K. We believe that our Sator acquisition will allow for synergies within our European operations, most notably in procurement, warehousing and product management. These projected synergies contributed to the goodwill recorded on the Sator acquisition.

When we identify potential acquisitions, we attempt to target companies with a leading market share, 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 can 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, 2013 as though the businesses had been acquired as of January 1, 2012, the businesses acquired during the year ended December 31, 2012 as though they had been acquired as of January 1, 2011 and the businesses acquired during the year ended December 31, 2011 as though they had been acquired as of January 1, 2010. The pro forma adjustments are based upon unaudited financial information of the acquired entities (in thousands, except per share data):

	Year Ended December 31,		
	2013	2012	2011
Revenue, as reported	$ 5,062,528	$ 4,122,930	$ 3,269,862
Revenue of purchased businesses for the period prior to acquisition:			
Sator	126,309	369,934	—
ECP	—	—	407,042
Other acquisitions	130,093	440,938	466,002
Pro forma revenue	$ 5,318,930	$ 4,933,802	$ 4,142,906
Net income, as reported	$ 311,623	$ 261,225	$ 210,264
Net income of purchased businesses for the period prior to acquisition, including pro forma purchase accounting adjustments:			
Sator	5,293	6,032	—
ECP	—	—	21,858
Other acquisitions	7,591	18,363	27,396
Pro forma net income	$ 324,507	$ 285,620	$ 259,518
Earnings per share-basic, as reported	$ 1.04	$ 0.88	$ 0.72
Effect of purchased businesses for the period prior to acquisition:			
Sator	0.02	0.02	—
ECP	—	—	0.07
Other acquisitions	0.03	0.06	0.09
Pro forma earnings per share-basic [(a)]	$ 1.08	$ 0.97	$ 0.89
Earnings per share-diluted, as reported	$ 1.02	$ 0.87	$ 0.71
Effect of purchased businesses for the period prior to acquisition:			
Sator	0.02	0.02	—
ECP	—	—	0.07
Other acquisitions	0.02	0.06	0.09
Pro forma earnings per share-diluted [(a)]	$ 1.07	$ 0.95	$ 0.87

(a) 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 net realizable value, adjustments to depreciation on acquired property 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 Sator acquisition reflects the elimination of acquisition related expenses totaling $3.6 million for the year ended December 31, 2013, which do not have a continuing impact on our operating results. Additionally, the pro-forma impact of our other acquisitions reflects the elimination of acquisition related expenses totaling $2.2 million and $0.5 million for the years ended December 31, 2013 and 2012, respectively. Refer to Note 9, "Restructuring and Acquisition Related Expenses," for further information on our acquisition related expenses. These pro forma results are not necessarily indicative either of what would have occurred if the acquisitions had been in effect for the periods presented or of future results.

Note 9. Restructuring and Acquisition Related Expenses

Acquisition Related Expenses

Acquisition related expenses, which include external costs such as advisory, legal and accounting fees, totaled $6.7 million, $0.5 million, and $3.2 million for the years ended December 31, 2013, 2012 and 2011, respectively. Our 2013 expenses included $3.6 million related to our acquisition of Sator in May 2013, $1.4 million related to our acquisitions of five U.K.-based paint distribution businesses, and $0.9 million related to our acquisition of Keystone Specialty in January 2014. Our 2011 acquisition related expenses were primarily related to our acquisition of ECP. These costs are expensed as incurred.

Acquisition Integration Plans

During the year ended December 31, 2013, we incurred $2.1 million of restructuring expenses related to the integration of certain of our 2013 European acquisitions. 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. Future expenses to complete these integration plans in the first half of 2014, including expenses for additional closures of overlapping facilities and termination of duplicate headcount, are not expected to exceed $1 million.

Also during 2013, we incurred $1.4 million of restructuring expenses related to the integration of certain of our 2012 North American acquisitions. Our integration activities included the closure of duplicate facilities, termination of employees in connection with the consolidation of overlapping facilities with our existing business, moving expenses, and other third party services directly related to the integration of these acquisitions. Remaining costs to complete these integration activities are expected to be immaterial.

Integration costs during the years ended December 31, 2012 and 2011 totaled $1.2 million and $4.4 million, respectively. Of the expenses incurred in 2011, $2.6 million related to restructuring activities to integrate the Akzo Nobel acquired paint distribution locations into our existing business, including primarily charges for excess facility costs, which were expensed at the cease-use date for the facilities. Our restructuring plan included the closure of duplicate facilities, elimination of overlapping delivery routes and termination of employees in connection with the consolidation of the overlapping facilities and delivery routes. We substantially completed the integration activities related to the Akzo Nobel paint business acquisition as of December 31, 2011.

Refurbished Bumper and Wheel Restructuring

In the second quarter of 2012, we initiated a restructuring plan to improve the operational efficiency of our refurbished product operations and to reduce the cost structure of the related refurbished bumper and wheel product lines. As part of the restructuring plan, we consolidated certain of our bumper and wheel refurbishing operations, with a focus on increasing output at the remaining operations to improve economies of scale. Restructuring costs included the write off of disposed assets, severance costs for termination of overlapping headcount, costs to move equipment and inventory, and excess facility costs. These costs are expensed as incurred, when the costs meet the criteria to be accrued, or, in the case of non-performing lease reserves, at the cease-use date of the facility. During the year ended December 31, 2012, we incurred $1.1 million of expense related to this restructuring plan. These restructuring activities were substantially completed in 2012.

Note 10. 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 and restricted stock. Certain of our 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,		
	2013	2012	2011
Net Income	$ 311,623	$ 261,225	$ 210,264
Denominator for basic earnings per share—Weighted-average shares outstanding	299,574	295,810	292,252
Effect of dilutive securities:			
RSUs	845	479	182
Stock options	3,696	4,346	4,250
Restricted stock	16	58	66
Denominator for diluted earnings per share—Adjusted weighted-average shares outstanding	304,131	300,693	296,750
Earnings per share, basic	$ 1.04	$ 0.88	$ 0.72
Earnings per share, diluted	$ 1.02	$ 0.87	$ 0.71

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 (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Antidilutive securities:			
Stock options	—	—	2,340

Note 11. Income Taxes

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

	Year Ended December 31,		
	2013	2012	2011
Current:			
Federal	$ 115,150	$ 110,825	$ 97,887
State	20,869	19,693	14,435
Foreign	23,906	13,202	3,883
	$ 159,925	$ 143,720	$ 116,205
Deferred:			
Federal	$ 6,225	$ 5,824	$ 8,376
State	(550)	(647)	919
Foreign	(1,396)	(955)	7
	$ 4,279	$ 4,222	$ 9,302
Provision for income taxes	$ 164,204	$ 147,942	$ 125,507

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

	Year Ended December 31,		
	2013	2012	2011
Domestic	$ 361,283	$ 348,150	$ 319,305
Foreign	114,544	61,017	16,466
	$ 475,827	$ 409,167	$ 335,771

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

	Year Ended December 31,		
	2013	2012	2011
U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
State income taxes, net of state credits and federal tax impact	2.9 %	3.1 %	3.1 %
Impact of international operations	(3.7)%	(2.3)%	(0.8)%
Non-deductible expenses	0.9 %	0.8 %	0.7 %
Federal production incentives and credits	(0.3)%	(0.3)%	(0.4)%
Revaluation of deferred taxes	(0.3)%	(0.3)%	— %
Other, net	0.0 %	0.2 %	(0.2)%
Effective tax rate	34.5 %	36.2 %	37.4 %

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $166 million at December 31, 2013. Those earnings are considered to be indefinitely reinvested, and accordingly no provision for U.S. income taxes has been provided thereon. Upon repatriation of those earnings, in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to adjustment for foreign tax credits) and potential withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable due to the complexities associated with its hypothetical calculation; however, unrecognized foreign tax credits would be available to reduce materially any U.S. liability.

The greater impact of international operations in 2013 compared to 2012 is primarily a result of our expanding international operations as a larger proportion of our pretax income was generated in lower rate jurisdictions.

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

	December 31,	
	2013	2012
Deferred Tax Assets:		
Inventory	$ 30,880	$ 29,523
Accrued expenses and reserves	29,970	27,361
Stock-based compensation	11,519	9,442
Accounts receivable	11,161	10,037
Qualified and nonqualified retirement plans	10,210	7,476
Net operating loss carryforwards	5,181	4,451
Interest rate swaps	3,070	5,461
Other	4,777	4,711
	106,768	98,462
Less valuation allowance	(1,092)	(1,631)
Total deferred tax assets	$ 105,676	$ 96,831
Deferred Tax Liabilities:		
Goodwill and other intangible assets	$ 83,097	$ 64,704
Property and equipment	50,695	48,994
Trade name	40,929	30,336
Other	2,693	1,428
Total deferred tax liabilities	$ 177,414	$ 145,462
Net deferred tax liability	$ (71,738)	$ (48,631)

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

	December 31,	
	2013	2012
Current deferred tax assets	$ 63,938	$ 53,485
Noncurrent deferred tax assets	1,501	164
Current deferred tax liabilities	3,355	5
Noncurrent deferred tax liabilities	133,822	102,275

Our noncurrent deferred tax assets and current deferred tax liabilities are included in Other Assets and Other Current Liabilities, respectively, on our Consolidated Balance Sheets.

We had net operating loss carryforwards for federal and certain of our state tax jurisdictions, the tax benefits of which total approximately $5.1 million and $4.5 million at December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, we had tax credit carryforwards of $1.1 million and $1.0 million, respectively, primarily related to certain of our state tax jurisdictions. As of December 31, 2013 and 2012, a valuation allowance of $1.1 million and $1.6 million, respectively, was recognized for a portion of the deferred tax assets related to net operating loss and tax credit carryforwards. The valuation allowance for net operating loss and tax credit carryforwards decreased by $0.5 million during the year ended December 31, 2013 due to current utilization of some of the underlying tax benefits as well as a change in judgment regarding the realization of the remaining carryforwards. The net operating loss carryforwards expire over the period from 2014 through 2031, while nearly all of the tax credit carryforwards have no expiration. Realization of these deferred tax assets is dependent on the generation of sufficient taxable income prior to the expiration dates. 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):

	2013	2012	2011
Balance at January 1	$ 2,303	$ 5,497	$ 5,441
Additions based on tax positions related to the current year	348	973	952
Additions for tax positions of prior years	62	167	192
Reductions for tax positions of prior years	—	(2,379)	—
Lapse of statutes of limitations	(872)	(998)	(892)
Settlements with taxing authorities	—	(957)	(196)
Balance at December 31	$ 1,841	$ 2,303	$ 5,497

At December 31, 2013 and 2012, we had accumulated interest and penalties included in gross unrecognized tax benefits of $0.4 million and $0.6 million, respectively. During the years ended December 31, 2013, 2012, and 2011, $0.1 million, $0.2 million and $0.2 million, respectively, of interest and penalties were recorded through the income tax provision, prior to any reversals for lapses in the statutes of limitations. We had deferred tax assets of $0.1 million related to the accumulated interest balance as of both December 31, 2013 and 2012. The amount of the unrecognized tax benefits, which if resolved favorably (in whole or in part) would reduce our effective tax rate, is approximately $1.3 million and $1.6 million at December 31, 2013 and 2012, respectively. The balance of unrecognized tax benefits at December 31, 2013 and 2012 also includes $0.6 million and $0.7 million, respectively, of tax benefits that, if recognized, would result in adjustments to deferred taxes.

During the twelve months beginning January 1, 2014, it is reasonably possible that we will reduce gross unrecognized tax benefits by up to approximately $0.2 million, of which approximately $0.1 million would impact our effective tax rate, primarily as a result of the expiration of certain statutes of limitations.

We are generally no longer subject to examination in our primary tax jurisdictions for tax years through 2009. In the U.S., the Internal Revenue Service has commenced an examination of our U.S. federal consolidated tax returns for 2011 and 2012. For certain of our Canadian subsidiaries, tax years from 2009 to 2012 are under examination. Adjustments from such examinations, if any, are not expected to have a material effect on our consolidated financial statements.

Note 12. Accumulated Other Comprehensive Income (Loss)

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

	Foreign Currency Translation	Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Gain on Pension Plan	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2011	$ 2,202	$ 2,176	$ —	$ 4,378
Pretax loss	(4,273)	(19,391)	—	(23,664)
Income tax effect	—	6,847	—	6,847
Reclassification of unrealized loss	—	5,641	—	5,641
Reclassification of deferred income taxes	—	(2,019)	—	(2,019)
Hedge ineffectiveness	—	(225)	—	(225)
Income tax effect	—	81	—	81
Balance at December 31, 2011	$ (2,071)	$ (6,890)	$ —	$ (8,961)
Pretax income (loss)	12,921	(11,313)	—	1,608
Income tax effect	—	3,962	—	3,962
Reclassification of unrealized loss	—	6,439	—	6,439
Reclassification of deferred income taxes	—	(2,289)	—	(2,289)
Balance at December 31, 2012	$ 10,850	$ (10,091)	$ —	$ 759
Pretax income (loss)	14,056	(21,250)	935	(6,259)
Income tax effect	—	7,984	(234)	7,750
Reclassification of unrealized loss	—	27,481	—	27,481
Reclassification of deferred income taxes	—	(10,011)	—	(10,011)
Hedge ineffectiveness	—	460	—	460
Income tax effect	—	(169)	—	(169)
Balance at December 31, 2013	$ 24,906	$ (5,596)	$ 701	$ 20,011

Unrealized losses on our foreign currency forward contracts totaling $21.3 million were reclassified to other expense in our Consolidated Statements of Income during the year ended December 31, 2013. These losses offset the remeasurement of certain of our intercompany balances as discussed in Note 5, "Derivative Instruments and Hedging Activities." The remaining reclassification of unrealized losses related to our interest rate swap contracts and was recorded to interest expense in our Consolidated Statements of Income. The deferred income taxes related to our cash flow hedges were reclassified from Accumulated Other Comprehensive Income to income tax expense.

Note 13. Segment and Geographic Information

We have three operating segments: Wholesale – North America; Wholesale – Europe; and Self Service. Our operations in North America, which include our Wholesale – North America and Self Service operating segments, are aggregated into one reportable segment because they possess similar economic characteristics and have common products and services, customers, and methods of distribution. Our Wholesale – Europe operating segment is presented as a separate reportable segment. Therefore, we present our reportable segments on a geographic basis.

The following table presents our financial performance, including revenue, earnings before interest, taxes, depreciation and amortization ("EBITDA"), and depreciation and amortization by reportable segment for the periods indicated (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Revenue			
North America	$ 3,802,929	$ 3,426,858	$ 3,131,376
Europe	1,259,599	696,072	138,486
Total revenue	$ 5,062,528	$ 4,122,930	$ 3,269,862
EBITDA			
North America	$ 484,824	$ 440,448	$ 405,924
Europe	131,086	70,099	12,144
Total EBITDA	$ 615,910	$ 510,547	$ 418,068
Depreciation and Amortization			
North America	$ 65,606	$ 59,132	$ 52,481
Europe	20,857	11,033	2,024
Total depreciation and amortization	$ 86,463	$ 70,165	$ 54,505

EBITDA for our North American segment included gains of $17.9 million during the year ended 2012 resulting from lawsuit settlements with certain of our aftermarket product suppliers as discussed in Note 7, "Commitments and Contingencies." EBITDA for our North American segment also includes net gains of $0.7 million, $2.0 million and $2.0 million in each of the years ended December 31, 2013, 2012 and 2011 from the change in fair value of contingent consideration liabilities related to certain of our acquisitions. During the years ended December 31, 2013, 2012 and 2011, our European segment recognized losses of $3.2 million, $3.6 million and $0.6 million, respectively, related to the remeasurement of these contingent consideration liabilities. See Note 6, "Fair Value Measurements," for further information on our changes in fair value of the contingent consideration liabilities. For the year ended December 31, 2013, EBITDA for our European segment also included restructuring and acquisition related expenses of $7.4 million, primarily related to our acquisition of Sator and five automotive paint distribution businesses in the U.K.

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

	Year Ended December 31,		
	2013	2012	2011
EBITDA	$ 615,910	$ 510,547	$ 418,068
Depreciation and amortization	86,463	70,165	54,505
Interest expense, net	50,825	31,215	22,447
Loss on debt extinguishment	2,795	—	5,345
Provision for income taxes	164,204	147,942	125,507
Net income	$ 311,623	$ 261,225	$ 210,264

The key measure of segment profit or loss reviewed by our chief operating decision maker, who is our Chief Executive Officer, is EBITDA. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. Segment EBITDA excludes depreciation, amortization, interest and taxes. Loss on debt extinguishment is considered a component of interest in calculating EBITDA, as the write-off of debt issuance costs is similar to the treatment of debt issuance cost amortization.

The following table presents capital expenditures, which includes additions to property and equipment, by reportable segment (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Capital Expenditures			
North America	$ 66,288	$ 73,331	$ 84,856
Europe	23,898	14,924	1,560
	$ 90,186	$ 88,255	$ 86,416

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

	December 31,		
	2013	2012	2011
Receivables, net			
North America	$ 277,395	$ 241,627	$ 230,871
Europe	180,699	70,181	50,893
Total receivables, net	458,094	311,808	281,764
Inventory			
North America	748,167	750,565	636,145
Europe	328,785	150,238	100,701
Total inventory	1,076,952	900,803	736,846
Property and Equipment, net			
North America	447,528	434,010	380,282
Europe	99,123	60,369	43,816
Total property and equipment, net	546,651	494,379	424,098
Other unallocated assets	2,437,077	2,016,466	1,756,996
Total assets	$ 4,518,774	$ 3,723,456	$ 3,199,704

We report net trade receivables, inventories, and net property and equipment 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, intangibles and income taxes.

Our operations are primarily conducted in the U.S. Our European operations are located in the U.K., the Netherlands, Belgium and France. 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 other alternative parts operations in Guatemala and Costa Rica. Our revenue is 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,		
	2013	2012	2011
Revenue			
United States	$ 3,544,360	$ 3,209,024	$ 2,952,620
United Kingdom	981,585	696,072	138,486
Other countries	536,583	217,834	178,756
	$ 5,062,528	$ 4,122,930	$ 3,269,862

The following table sets forth our tangible long-lived assets by geographic area (in thousands):

	December 31,	
	2013	2012
Long-lived Assets		
United States	$ 418,869	$ 408,244
United Kingdom	77,827	60,369
Other countries	49,955	25,766
	$ 546,651	$ 494,379

The following table sets forth our revenue by product category (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Aftermarket, other new and refurbished products	$ 3,034,599	$ 2,286,853	$ 1,634,003
Recycled, remanufactured and related products and services	1,394,981	1,277,023	1,115,088
Other	632,948	559,054	520,771
	$ 5,062,528	$ 4,122,930	$ 3,269,862

Our North American reportable segment generates revenue from all of our product categories, while our European segment generates 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 14. Selected Quarterly Data (unaudited)

The following table presents unaudited selected quarterly financial data for the two years ended December 31, 2013. Beginning with the quarter ended June 30, 2013, the selected quarterly financial data includes the results of Sator, which was acquired effective May 1, 2013. 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)	Mar. 31	Jun. 30	Sep. 30	Dec. 31
2012				
Revenue	$ 1,031,777	$ 1,006,531	$ 1,016,707	$ 1,067,915
Gross margin[1]	447,383	421,931	409,705	445,121
Operating income[1]	133,608	108,567	91,434	104,344
Net income[2]	80,991	63,998	54,048	62,188
Basic earnings per share[3]	$ 0.28	$ 0.22	$ 0.18	$ 0.21
Diluted earnings per share[3]	$ 0.27	$ 0.21	$ 0.18	$ 0.21

(In thousands, except per share data)	Quarter Ended Mar. 31	Jun. 30	Sep. 30	Dec. 31
2013				
Revenue	$ 1,195,997	$ 1,251,748	$ 1,298,094	$ 1,316,689
Gross margin	501,949	509,873	517,907	545,673
Operating income	141,588	131,378	123,395	133,819
Net income[2]	84,592	75,722	73,445	77,864
Basic earnings per share[3]	$ 0.28	$ 0.25	$ 0.24	$ 0.26
Diluted earnings per share[3]	$ 0.28	$ 0.25	$ 0.24	$ 0.26

(1) Gross margin and operating income during the quarters ended March 31, 2012, June 30, 2012, September 30, 2012 and December 31, 2012 include gains of $8.3 million, $8.4 million, $0.5 million and $0.7 million, respectively, resulting from lawsuit settlements with certain of our aftermarket product suppliers as discussed in Note 7, "Commitments and Contingencies."

(2) Net income during the quarters ended March 31, 2012 and December 31, 2012 include gains for changes in fair value of our contingent consideration liabilities of $1.3 million and $0.2 million, respectively, while the quarters ended June 30, 2012 and September 30, 2012 include losses of $1.2 million and $1.9 million, respectively. The quarters ended March 31, 2013, June 30, 2013, September 30, 2013 and December 31, 2013 include losses for changes in fair value of our contingent consideration liabilities of $0.8 million, $0.2 million, $0.7 million and $0.8 million, respectively. See Note 6, "Fair Value Measurements," for further information on these changes in fair value of the contingent consideration obligations recorded in earnings during the periods.

(3) 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.

Note 15. Condensed Consolidating Financial Information

LKQ Corporation (the "Parent") issued, and certain of its 100% owned subsidiaries (the "Guarantors") have fully and unconditionally guaranteed, jointly and severally, the Company's Notes 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 Notes; (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 Notes; (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 Notes; 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 the Company's 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 Notes. 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 revenues and expenses. The condensed consolidating financial statements below have been prepared from the Company's 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 Balance Sheets
(In thousands)

	December 31, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and equivalents	$ 77,926	$ 13,693	$ 58,869	$ —	$ 150,488
Receivables, net	—	126,926	331,168	—	458,094
Intercompany receivables, net	2,275	6,923	—	(9,198)	—
Inventory	—	687,164	389,788	—	1,076,952
Deferred income taxes	3,189	57,422	3,327	—	63,938
Prepaid income taxes	6,429	—	1,640	—	8,069
Prepaid expenses and other current assets	1,495	24,190	16,591	—	42,276
Total Current Assets	91,314	916,318	801,383	(9,198)	1,799,817
Property and Equipment, net	668	419,617	126,366	—	546,651
Intangible Assets:					
Goodwill	—	1,248,746	688,698	—	1,937,444
Other intangibles, net	—	56,069	97,670	—	153,739
Investment in Subsidiaries	2,364,586	264,815	—	(2,629,401)	—
Intercompany Notes Receivable	959,185	118,740	—	(1,077,925)	—
Other Assets	49,218	20,133	17,241	(5,469)	81,123
Total Assets	$ 3,464,971	$ 3,044,438	$ 1,731,358	$ (3,721,993)	$ 4,518,774
Liabilities and Stockholders' Equity					
Current Liabilities:					
Accounts payable	$ 314	$ 147,708	$ 201,047	$ —	$ 349,069
Intercompany payables, net	—	—	9,198	(9,198)	—
Accrued expenses:					
Accrued payroll-related liabilities	5,236	32,850	20,609	—	58,695
Other accrued expenses	26,714	56,877	56,483	—	140,074
Income taxes payable	2,517	—	14,923	—	17,440
Contingent consideration liabilities	—	1,923	50,542	—	52,465
Other current liabilities	286	13,039	5,350	—	18,675
Current portion of long-term obligations	24,421	3,030	14,084	—	41,535
Total Current Liabilities	59,488	255,427	372,236	(9,198)	677,953
Long-Term Obligations, Excluding Current Portion	1,016,249	6,554	241,443	—	1,264,246
Intercompany Notes Payable	—	611,274	466,651	(1,077,925)	—
Deferred Income Taxes	—	110,110	29,181	(5,469)	133,822
Contingent Consideration Liabilities	—	877	2,311	—	3,188
Other Noncurrent Liabilities	38,489	45,540	4,791	—	88,820
Stockholders' Equity	2,350,745	2,014,656	614,745	(2,629,401)	2,350,745
Total Liabilities and Stockholders' Equity	$ 3,464,971	$ 3,044,438	$ 1,731,358	$ (3,721,993)	$ 4,518,774

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Balance Sheets
(In thousands)

	December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and equivalents	$ 18,396	$ 18,253	$ 23,121	$ —	$ 59,770
Receivables, net	—	94,435	217,373	—	311,808
Intercompany receivables, net	1,781	5,970	—	(7,751)	—
Inventory	—	690,365	210,438	—	900,803
Deferred income taxes	4,778	45,255	3,452	—	53,485
Prepaid income taxes	26,538	—	2,999	—	29,537
Prepaid expenses and other current assets	1,065	16,608	11,275	—	28,948
Total Current Assets	52,558	870,886	468,658	(7,751)	1,384,351
Property and Equipment, net	970	408,944	84,465	—	494,379
Intangible Assets:					
Goodwill	—	1,226,718	463,566	—	1,690,284
Other intangibles, net	—	61,815	44,900	—	106,715
Investment in Subsidiaries	1,923,997	142,334	—	(2,066,331)	—
Intercompany Notes Receivable	711,624	39,239	—	(750,863)	—
Other Assets	41,692	17,830	3,528	(15,323)	47,727
Total Assets	$ 2,730,841	$ 2,767,766	$ 1,065,117	$ (2,840,268)	$ 3,723,456
Liabilities and Stockholders' Equity					
Current Liabilities:					
Accounts payable	$ 52	$ 97,678	$ 121,605	$ —	$ 219,335
Intercompany payables, net	—	—	7,751	(7,751)	—
Accrued expenses:					
Accrued payroll-related liabilities	3,731	25,697	14,972	—	44,400
Other accrued expenses	2,258	48,805	39,359	—	90,422
Income taxes payable	—	—	2,748	—	2,748
Contingent consideration liabilities	—	1,518	40,737	—	42,255
Other current liabilities	286	16,241	541	—	17,068
Current portion of long-term obligations	32,300	9,940	29,476	—	71,716
Total Current Liabilities	38,627	199,879	257,189	(7,751)	487,944
Long-Term Obligations, Excluding Current Portion	691,670	7,549	347,543	—	1,046,762
Intercompany Notes Payable	—	681,275	69,588	(750,863)	—
Deferred Income Taxes	—	102,702	14,896	(15,323)	102,275
Contingent Consideration Liabilities	—	2,500	45,254	—	47,754
Other Noncurrent Liabilities	36,450	35,383	2,794	—	74,627
Stockholders' Equity	1,964,094	1,738,478	327,853	(2,066,331)	1,964,094
Total Liabilities and Stockholders' Equity	$ 2,730,841	$ 2,767,766	$ 1,065,117	$ (2,840,268)	$ 3,723,456

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Income
(In thousands)

	Year Ended December 31, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 3,576,269	$ 1,598,832	$ (112,573)	$ 5,062,528
Cost of goods sold	—	2,100,804	998,895	(112,573)	2,987,126
Gross margin	—	1,475,465	599,937	—	2,075,402
Facility and warehouse expenses	—	323,042	102,039	—	425,081
Distribution expenses	—	297,908	134,039	—	431,947
Selling, general and administrative expenses	26,778	377,481	192,793	—	597,052
Restructuring and acquisition related expenses	—	1,406	8,767	—	10,173
Depreciation and amortization	250	55,802	24,917	—	80,969
Operating (loss) income	(27,028)	419,826	137,382	—	530,180
Other expense (income):					
Interest expense	42,442	640	8,102	—	51,184
Intercompany interest (income) expense, net	(45,459)	21,978	23,481	—	—
Loss on debt extinguishment	2,795	—	—	—	2,795
Change in fair value of contingent consideration liabilities	—	(744)	3,248	—	2,504
Interest and other expense (income), net	252	(2,858)	476	—	(2,130)
Total other expense, net	30	19,016	35,307	—	54,353
(Loss) income before (benefit) provision for income taxes	(27,058)	400,810	102,075	—	475,827
(Benefit) provision for income taxes	(7,193)	151,369	20,028	—	164,204
Equity in earnings of subsidiaries	331,488	22,050	—	(353,538)	—
Net income	$ 311,623	$ 271,491	$ 82,047	$ (353,538)	$ 311,623

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Income
(In thousands)

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 3,236,507	$ 976,710	$ (90,287)	$ 4,122,930
Cost of goods sold	—	1,886,098	602,979	(90,287)	2,398,790
Gross margin	—	1,350,409	373,731	—	1,724,140
Facility and warehouse expenses	—	287,036	60,881	—	347,917
Distribution expenses	—	281,011	94,824	—	375,835
Selling, general and administrative expenses	21,098	346,596	127,897	—	495,591
Restructuring and acquisition related expenses	—	1,812	939	—	2,751
Depreciation and amortization	296	49,782	14,015	—	64,093
Operating (loss) income	(21,394)	384,172	75,175	—	437,953
Other (income) expense:					
Interest expense	24,272	308	6,849	—	31,429
Intercompany interest (income) expense, net	(37,491)	27,377	10,114	—	—
Change in fair value of contingent consideration liabilities	—	(1,943)	3,586	—	1,643
Interest and other income, net	(43)	(3,638)	(605)	—	(4,286)
Total other (income) expense, net	(13,262)	22,104	19,944	—	28,786
(Loss) income before (benefit) provision for income taxes	(8,132)	362,068	55,231	—	409,167
(Benefit) provision for income taxes	(3,287)	140,150	11,079	—	147,942
Equity in earnings of subsidiaries	266,070	12,481	—	(278,551)	—
Net income	$ 261,225	$ 234,399	$ 44,152	$ (278,551)	$ 261,225

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Income
(In thousands)

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 2,975,275	$ 370,912	$ (76,325)	3,269,862
Cost of goods sold	—	1,721,419	232,775	(76,325)	1,877,869
Gross margin	—	1,253,856	138,137	—	1,391,993
Facility and warehouse expenses	—	261,260	32,163	—	293,423
Distribution expenses	—	257,395	30,231	—	287,626
Selling, general and administrative expenses	22,680	321,403	47,859	—	391,942
Restructuring and acquisition related expenses	—	3,438	4,152	—	7,590
Depreciation and amortization	239	44,724	4,966	—	49,929
Operating (loss) income	(22,919)	365,636	18,766	—	361,483
Other (income) expense:					
Interest expense	21,839	99	2,369	—	24,307
Intercompany interest (income) expense, net	(36,018)	31,036	4,982	—	—
Loss on debt extinguishment	5,345	—	—	—	5,345
Change in fair value of contingent consideration liabilities	(2,000)	11	581	—	(1,408)
Interest and other income, net	(332)	(1,979)	(221)	—	(2,532)
Total other (income) expense, net	(11,166)	29,167	7,711	—	25,712
(Loss) income before (benefit) provision for income taxes	(11,753)	336,469	11,055	—	335,771
(Benefit) provision for income taxes	(6,034)	128,930	2,611	—	125,507
Equity in earnings of subsidiaries	215,983	3,036	—	(219,019)	—
Net income	$ 210,264	$ 210,575	$ 8,444	$ (219,019)	$ 210,264

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net income	$ 311,623	$ 271,491	$ 82,047	$ (353,538)	$ 311,623
Other comprehensive income, net of tax:					
Foreign currency translation	14,056	7,168	15,495	(22,663)	14,056
Net change in unrecognized gains/losses on derivative instruments, net of tax	4,495	—	1,322	(1,322)	4,495
Unrealized gain on pension plan, net of tax	701	—	701	(701)	701
Total other comprehensive income	19,252	7,168	17,518	(24,686)	19,252
Total comprehensive income	$ 330,875	$ 278,659	$ 99,565	$ (378,224)	$ 330,875

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net income	$ 261,225	$ 234,399	$ 44,152	$ (278,551)	$ 261,225
Other comprehensive income (loss), net of tax:					
Foreign currency translation	12,921	5,278	12,334	(17,612)	12,921
Net change in unrecognized gains/losses on derivative instruments, net of tax	(3,201)	—	(519)	519	(3,201)
Total other comprehensive income	9,720	5,278	11,815	(17,093)	9,720
Total comprehensive income	$ 270,945	$ 239,677	$ 55,967	$ (295,644)	$ 270,945

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net income	$ 210,264	$ 210,575	$ 8,444	$ (219,019)	$ 210,264
Other comprehensive loss, net of tax:					
Foreign currency translation	(4,273)	(1,440)	(3,790)	5,230	(4,273)
Net change in unrecognized gains/losses on derivative instruments, net of tax	(9,066)	—	(1,042)	1,042	(9,066)
Total other comprehensive loss	(13,339)	(1,440)	(4,832)	6,272	(13,339)
Total comprehensive income	$ 196,925	$ 209,135	$ 3,612	$ (212,747)	$ 196,925

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by operating activities	$ 160,620	$ 260,567	$ 126,681	$ (119,812)	$ 428,056
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(57,219)	(32,967)	—	(90,186)
Proceeds from sales of property and equipment	—	1,191	909	—	2,100
Investment in unconsolidated subsidiary	—	—	(9,136)	—	(9,136)
Investment and intercompany note activity with subsidiaries	(434,172)	(84,894)	—	519,066	—
Acquisitions, net of cash acquired	—	(33,436)	(374,948)	—	(408,384)
Net cash used in investing activities	(434,172)	(174,358)	(416,142)	519,066	(505,606)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options	15,392	—	—	—	15,392
Excess tax benefit from stock-based payments	18,348	—	—	—	18,348
Debt issuance costs	(16,858)	—	(82)	—	(16,940)
Proceeds from issuance of senior notes	600,000	—	—	—	600,000
Borrowings under revolving credit facility	315,000	—	122,023	—	437,023
Repayments under revolving credit facility	(616,000)	—	(132,086)	—	(748,086)
Borrowings under term loans	35,000	—	—	—	35,000
Repayments under term loans	(16,875)	—	—	—	(16,875)
Borrowings under receivables securitization facility	—	—	41,500	—	41,500
Repayments under receivables securitization facility	—	—	(121,500)	—	(121,500)
Repayments of other long-term debt	(925)	(8,930)	(35,207)	—	(45,062)
Payments of other obligations	—	(473)	(32,386)	—	(32,859)
Investment and intercompany note activity with parent	—	38,446	480,620	(519,066)	—
Dividends	—	(119,812)	—	119,812	—
Net cash provided by (used in) financing activities	333,082	(90,769)	322,882	(399,254)	165,941
Effect of exchange rate changes on cash and equivalents	—	—	2,327	—	2,327
Net increase (decrease) in cash and equivalents	59,530	(4,560)	35,748	—	90,718
Cash and equivalents, beginning of period	18,396	18,253	23,121	—	59,770
Cash and equivalents, end of period	$ 77,926	$ 13,693	$ 58,869	$ —	$ 150,488

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by (used in) operating activities	$ 150,309	$ 289,013	$ (74,085)	$ (159,047)	$ 206,190
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	(150)	(68,344)	(19,761)	—	(88,255)
Proceeds from sales of property and equipment	—	699	358	—	1,057
Investment and intercompany note activity with subsidiaries	(132,006)	—	—	132,006	—
Acquisitions, net of cash acquired	—	(183,716)	(81,620)	—	(265,336)
Net cash used in investing activities	(132,156)	(251,361)	(101,023)	132,006	(352,534)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options	17,693	—	—	—	17,693
Excess tax benefit from stock-based payments	15,737	—	—	—	15,737
Debt issuance costs	(30)	—	(223)	—	(253)
Borrowings under revolving credit facility	612,700	—	129,681	—	742,381
Repayments under revolving credit facility	(832,700)	—	(22,702)	—	(855,402)
Borrowings under term loans	200,000	—	—	—	200,000
Repayments under term loans	(20,000)	—	—	—	(20,000)
Borrowings under receivables securitization facility	—	—	82,700	—	82,700
Repayments under receivables securitization facility	—	—	(2,700)	—	(2,700)
Repayments of other long-term debt	(3,065)	(2,568)	(13,158)	—	(18,791)
Payments of other obligations	—	(4,293)	—	—	(4,293)
Investment and intercompany note activity with parent	—	129,076	2,930	(132,006)	—
Dividends	—	(159,047)	—	159,047	—
Net cash (used in) provided by financing activities	(9,665)	(36,832)	176,528	27,041	157,072
Effect of exchange rate changes on cash and equivalents	—	—	795	—	795
Net increase in cash and equivalents	8,488	820	2,215	—	11,523
Cash and equivalents, beginning of period	9,908	17,433	20,906	—	48,247
Cash and equivalents, end of period	$ 18,396	$ 18,253	$ 23,121	$ —	$ 59,770

LKQ CORPORATION AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2011				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by operating activities	$ 72,199	$ 201,029	$ 4,341	$ (65,797)	$ 211,772
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	(922)	(79,474)	(6,020)	—	(86,416)
Proceeds from sales of property and equipment	2	1,557	184	—	1,743
Investment and intercompany note activity with subsidiaries	(347,005)	(93,985)	—	440,990	—
Acquisitions, net of cash acquired	—	(193,292)	(293,642)	—	(486,934)
Net cash used in investing activities	(347,925)	(365,194)	(299,478)	440,990	(571,607)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options	11,919	—	—	—	11,919
Excess tax benefit from stock-based payments	7,973	—	—	—	7,973
Debt issuance costs	(10,874)	—	(174)	—	(11,048)
Borrowings under revolving credit facility	748,329	—	363,040	—	1,111,369
Repayments under revolving credit facility	(227,329)	—	(226,538)	—	(453,867)
Borrowings under term loans	250,000	—	—	—	250,000
Repayments under term loans	(563,079)	—	(37,385)	—	(600,464)
Repayments of other long-term debt	(1,640)	(849)	(1,982)	—	(4,471)
Investment and intercompany note activity with parent	—	226,872	214,118	(440,990)	—
Dividends	—	(65,797)	—	65,797	—
Net cash provided by financing activities	215,299	160,226	311,079	(375,193)	311,411
Effect of exchange rate changes on cash and equivalents	—	—	982	—	982
Net (decrease) increase in cash and equivalents	(60,427)	(3,939)	16,924	—	(47,442)
Cash and equivalents, beginning of period	70,335	21,372	3,982	—	95,689
Cash and equivalents, end of period	$ 9,908	$ 17,433	$ 20,906	$ —	$ 48,247

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, 2013, 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 March 3, 2014

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 Sator Beheer B.V. ("Sator"), which was acquired effective May 1, 2013, and whose financial statements constitute 4% and 9% of net and total assets, respectively, 5% of revenue, and 2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2013.

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, 2013. Management based this assessment on criteria for effective internal control over financial reporting described in *Internal Control—Integrated Framework (1992)* 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, 2013, 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, 2013.

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:

We have audited the internal control over financial reporting of LKQ Corporation and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in *Report of Management on Internal Control over Financial Reporting dated March 3, 2014*, management excluded from its assessment the internal control over financial reporting at Sator Beheer B.V., which was acquired on May 1, 2013 and whose financial statements constitute 4% and 9% of net and total assets, respectively, 5% of revenue and 2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2013. Accordingly, our audit did not include the internal control over financial reporting at Sator Beheer B.V. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of the Company as of and for the year ended December 31, 2013 and our report dated March 3, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
March 3, 2014

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 5, 2014 (the "Proxy Statement") is incorporated herein by reference.

Executive Officers

Our executive officers, their ages at December 31, 2013, 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
Robert L. Wagman	49	President, Chief Executive Officer and Director
John S. Quinn	55	Executive Vice President and Chief Financial Officer
Victor M. Casini	51	Senior Vice President, General Counsel and Corporate Secretary
Walter P. Hanley	47	Senior Vice President—Development
Steven Greenspan	52	Senior Vice President of Operations—Wholesale Parts Division
Michael S. Clark	39	Vice President—Finance and Controller

Robert L. Wagman became our President and Chief Executive Officer on January 1, 2012. He was elected to our Board of Directors on November 7, 2011. Mr. Wagman was our President and Co-Chief Executive Officer from January 1, 2011 to January 1, 2012. Prior thereto, he had been our Senior Vice President of Operations—Wholesale Parts Division, with oversight of our wholesale late model operations since August 2009. Prior thereto, from October 1998, Mr. Wagman managed our insurance company relationships, and from February 2004, added to his responsibilities the oversight of our aftermarket product operations. He was elected our Vice President of Insurance Services and Aftermarket Operations in August 2005. Before joining us, Mr. Wagman served from April 1995 to October 1998 as the Outside Sales Manager of Triplett Auto Parts, Inc., a recycled auto parts company that we acquired in July 1998. He started in our industry in 1987 as an Account Executive for Copart Auto Auctions, a processor and seller of salvage vehicles through auctions.

John S. Quinn has been our Executive Vice President and Chief Financial Officer since 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.

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.

Steven Greenspan became our Senior Vice President of Operations – Wholesale Parts Division on January 1, 2012. Mr. Greenspan has been in the recycled automotive parts industry for approximately 30 years. He served as our Regional Vice President—Mid-Atlantic Region from January 2003 to December 2011. He was the Manager of our Atlanta facility from May 1998 until December 2002. Prior thereto, he was the Manager of a company that we acquired in 1998.

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*.

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, 2013.

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	6,832,331	$ 7.04	
Restricted stock units	2,558,213	$ —	
Total equity compensation plans approved by stockholders	9,390,544		13,965,440
Equity compensation plans not approved by stockholders	—	$ —	—
Total	9,390,544		13,965,440

The number of securities to be issued upon exercise of outstanding options, warrants, and rights includes outstanding stock options and outstanding restricted stock units but excludes restricted stock. See Note 3, "Equity Incentive Plans," 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 caption "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 caption "Appointment of Our Independent Registered Public Accounting Firm—Audit Fees and Non-Audit Fees" and "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, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

Reference is made to the information set forth in Part II, Item 8 of this Report, 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

Descriptions	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Acquisitions and Other	Deductions	Balance at End of Period
			(in thousands)		
ALLOWANCE FOR DOUBTFUL ACCOUNTS:					
Year ended December 31, 2011	$ 6,895	$ 5,084	$ 2,199	$ (5,831)	$ 8,347
Year ended December 31, 2012	8,347	5,928	308	(5,113)	9,470
Year ended December 31, 2013	9,470	7,148	3,633	(5,891)	14,360
ALLOWANCE FOR ESTIMATED RETURNS, DISCOUNTS & ALLOWANCES:					
Year ended December 31, 2011	$ 18,185	$ 668,936	$ 2,754	$ (667,071)	$ 22,804
Year ended December 31, 2012	22,804	714,880	1,151	(714,143)	24,692
Year ended December 31, 2013	24,692	797,380	825	(796,261)	26,636

(a)(3) Exhibits

The exhibits to this Annual Report are listed in Item 15(b) of this Annual Report. Included in the exhibits listed therein are the following exhibits which constitute management contracts or compensatory plans or arrangements:

10.1	LKQ Corporation Employees' Retirement Plan, as amended and restated as of January 1, 2012.
10.2	LKQ Corporation 401(k) Plus Plan dated August 1, 1999.
10.3	Amendment to LKQ Corporation 401(k) Plus Plan.
10.4	Trust for LKQ Corporation 401(k) Plus Plan.
10.5	LKQ Corporation 401(k) Plus Plan II, as amended and restated effective as of January 1, 2011.
10.6	LKQ Corporation 1998 Equity Incentive Plan, as amended.
10.7	Form of LKQ Corporation Award Agreement for options granted under the 1998 Equity Incentive Plan.
10.8	Form of LKQ Corporation Restricted Stock Agreement.
10.9	Form of LKQ Corporation Restricted Stock Unit Agreement for Non-Employee Directors.
10.10	Form of LKQ Corporation Restricted Stock Unit Agreement.
10.11	Form of LKQ Corporation performance-based Restricted Stock Unit Agreement for first tranche of restricted stock units granted in March 2013.
10.12	Form of LKQ Corporation performance-based Restricted Stock Unit Agreement for second tranche of restricted stock units granted in March 2013.
10.13	Form of LKQ Corporation performance-based Restricted Stock Unit Agreement for third tranche of restricted stock units granted in March 2013.
10.14	LKQ Corporation Amended and Restated Stock Option and Compensation Plan for Non-Employee Directors, as amended.
10.15	Form of Indemnification Agreement between directors and officers of LKQ Corporation and LKQ Corporation.
10.16	LKQ Management Incentive Plan.
10.17	Form of LKQ Corporation Executive Officer 2012 Bonus Program Award Memorandum.
10.18	Form of LKQ Corporation Executive Officer 2013 Bonus Program Award Memorandum.
10.19	Form of LKQ Corporation Executive Officer 2014 Bonus Program Award Memorandum.
10.20	LKQ Corporation Long Term Incentive Plan.
10.21	Consulting Agreement, as amended and restated, dated as of May 21, 2009 between LKQ Corporation and Joseph M. Holsten.
10.22	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.
10.28	Change of Control Agreement between LKQ Corporation and Robert L. Wagman, as amended and restated as of March 21, 2012.
10.29	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and John S. Quinn.
10.30	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and Walter P. Hanley.
10.31	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and Victor M. Casini.
10.32	Change of Control Agreement dated as of March 14, 2011 between LKQ Corporation and Michael S. Clark.
10.33	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and Steven Greenspan.

(b) Exhibits

3.1	Certificate of Incorporation of LKQ Corporation, as amended to date.
3.2	Amended and Restated Bylaws of LKQ Corporation (incorporated herein by reference to Exhibit 3.1 to the Company's report on Form 8-K filed with the SEC on November 6, 2013).
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 May 3, 2013 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 May 6, 2013).

4.3	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).
10.1	LKQ Corporation Employees' Retirement Plan, as amended and restated as of January 1, 2012 (incorporated herein by reference to Exhibit 10.6 to the Company's report on Form 10-K filed with the SEC on February 27, 2012).
10.2	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).
10.3	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).
10.4	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).
10.5	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).
10.6	LKQ Corporation 1998 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.6 to the Company's report on Form 10-K filed with the SEC on March 1, 2013).
10.7	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).
10.8	Form of LKQ Corporation Restricted Stock Agreement (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on January 17, 2008).
10.9	Form of LKQ Corporation Restricted Stock Unit Agreement for Non-Employee Directors (incorporated herein by reference to Exhibit 10.4 to the Company's report on Form 10-Q filed with the SEC on August 2, 2013).
10.10	Form of LKQ Corporation Restricted Stock Unit Agreement (incorporated herein by reference to Exhibit 10.5 to the Company's report on Form 10-Q filed with the SEC on August 2, 2013).
10.11	Form of LKQ Corporation performance-based Restricted Stock Unit Agreement for first tranche of restricted stock units granted in March 2013 (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on March 8, 2013).
10.12	Form of LKQ Corporation performance-based Restricted Stock Unit Agreement for second tranche of restricted stock units granted in March 2013 (incorporated by reference to Exhibit 10.2 to the Company's report on Form 8-K filed with the SEC on March 8, 2013).
10.13	Form of LKQ Corporation performance-based Restricted Stock Unit Agreement for third tranche of restricted stock units granted in March 2013 (incorporated by reference to Exhibit 10.3 to the Company's report on Form 8-K filed with the SEC on March 8, 2013).
10.14	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).
10.15	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).
10.16	LKQ Management Incentive Plan (incorporated herein by reference to Appendix A to the Company's Proxy Statement for its Annual Meeting of Stockholders on May 2, 2011 filed on March 17, 2011).
10.17	Form of LKQ Corporation Executive Officer 2012 Bonus Program Award Memorandum (incorporated by reference to Exhibit 10.15 to the Company's report on Form 10-K filed with the SEC on March 1, 2013).
10.18	Form of LKQ Corporation Executive Officer 2013 Bonus Program Award Memorandum (incorporated by reference to Exhibit 10.16 to the Company's report on Form 10-K filed with the SEC on March 1, 2013).
10.19	Form of LKQ Corporation Executive Officer 2014 Bonus Program Award Memorandum.
10.20	LKQ Corporation Long Term Incentive Plan (incorporated herein by reference to Appendix B to the Company's Proxy. Statement for its Annual Meeting of Stockholders on May 7, 2012 filed on March 23, 2012).
10.21	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).

10.22	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).
10.23	ISDA 2002 Master Agreement between Bank of America, N.A. and LKQ Corporation, and related Schedule.
10.24	ISDA 2002 Master Agreement between Citizens Bank of Pennsylvania and LKQ Corporation, and related Schedule.
10.25	ISDA 2002 Master Agreement between RBS Citizens, N.A. and LKQ Corporation, and related Schedule.
10.26	ISDA 2002 Master Agreement between Fifth Third Bank and LKQ Corporation, and related Schedule.
10.27	ISDA 2002 Master Agreement between Wells Fargo Bank, National Association and LKQ Corporation, and related Schedule (incorporated by reference to Exhibit 10.3 to the Company's report on Form 10-Q filed with the SEC on August 2, 2013).
10.28	Change of Control Agreement between LKQ Corporation and Robert L. Wagman, as amended and restated as of March 21, 2012 (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on March 23, 2012).
10.29	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and John S. Quinn (incorporated herein by reference to Exhibit 10.21 to the Company's report on Form 10-K filed with the SEC on February 25, 2011).
10.30	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and Walter P. Hanley (incorporated herein by reference to Exhibit 10.22 to the Company's report on Form 10-K filed with the SEC on February 25, 2011).
10.31	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and Victor M. Casini (incorporated herein by reference to Exhibit 10.23 to the Company's report on Form 10-K filed with the SEC on February 25, 2011).
10.32	Change of Control Agreement dated as of March 14, 2011 between LKQ Corporation and Michael S. Clark (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on March 15, 2011).
10.33	Change of Control Agreement dated as of December 6, 2010 between LKQ Corporation and Steven Greenspan. (incorporated by reference to Exhibit 10.28 to the Company's report on Form 10-K filed with the SEC on March 1, 2013)
10.34	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).
10.35	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).
10.36	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).
10.37	Agreement for the Sale and Purchase of Shares in the Capital of Sator Beheer B.V. dated April 23, 2013 by and among H2 Sator B.V., Cooperatieve H2 Sator U.A., Holding Sator Management B.V. and LKQ Netherlands B.V. (incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q filed with the SEC on August 2, 2013).
10.38	Proposed Activity Agreement dated April 22, 2013 between Draco Limited, LKQ Euro Limited and LKQ Corporation (incorporated by reference to Exhibit 10.2 to the Company's report on Form 10-Q filed with the SEC on August 2, 2013).
10.39	Registration Rights Agreement dated as of May 9, 2013 among LKQ Corporation, the Guarantors, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representative of Initial Purchasers (incorporated herein by reference to Exhibit 10.6 to the Company's report on Form 8-K filed with the SEC on May 10, 2013).
10.40	Agreement and Plan of Merger dated as of December 5, 2013 among Keystone Automotive Holdings, Inc., LKQ Corporation, KAH Acquisition Sub, Inc., certain stockholders of Keystone Automotive Holdings, Inc., and the Equityholders Representative.
12.1	Computation of Ratio of Earnings to Fixed Charges.
14.1	LKQ Corporation Code of Ethics (incorporated 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

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 March 3, 2014.

LKQ CORPORATION

By: /s/ ROBERT L. WAGMAN
Robert L. Wagman
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 March 3, 2014.

Signature	Title
Principal Executive Officer:	
/s/ ROBERT L. WAGMAN **Robert L. Wagman**	President and Chief Executive Officer
Principal Financial Officer:	
/s/ JOHN S. QUINN **John S. Quinn**	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/ A. CLINTON ALLEN **A. Clinton Allen**	Director
/s/ RONALD G. FOSTER **Ronald G. Foster**	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/ ROBERT L. WAGMAN **Robert L. Wagman**	Director
/s/ WILLIAM M. WEBSTER, IV **William M. Webster, IV**	Director

CONFORMED COPY OF

CERTIFICATE OF INCORPORATION

OF

LKQ CORPORATION,

AS AMENDED TO DATE

[Conformed copy giving effect to all amendments since the date of the filing of the original Certificate of Incorporation on February 13, 1998.]

FIRST: The name of the corporation is LKQ Corporation.

SECOND: The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of all classes of capital stock which the corporation shall have authority to issue is one billion (1,000,000,000) shares of common stock, par value $.01 per share.

FIFTH: Meetings of the stockholders may be held within or outside the State of Delaware, as the bylaws may provide. Any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of stockholders of the corporation and may not be effected by any consent in writing by such stockholders. Special meetings of the stockholders of the corporation may be called only by the President of the corporation or by a resolution adopted by the affirmative vote of a majority of the board of directors.

SIXTH: The number of directors constituting the board of directors shall be that number as shall be fixed by the bylaws of the corporation. Election of directors need not be by written ballot unless the bylaws of the corporation so provide.

SEVENTH: The board of directors of the corporation is expressly authorized to adopt, amend or repeal the bylaws of the corporation. The stockholders shall also have the power to adopt, amend or repeal the bylaws of the corporation.

EIGHTH: No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involved intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

NINTH: The corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

TENTH: The books of the corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the corporation.

ELEVENTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in the Certificate of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Delaware and this Certificate of Incorporation, and all rights and powers conferred herein upon stockholders are granted subject to this reservation.

TWELFTH: The name and mailing address of the incorporator is as follows:

Name	Mailing Address
Victor M. Casini	676 North Michigan Avenue Suite 4000 Chicago, Illinois 60611

IN WITNESS WHEREOF, the undersigned has executed and acknowledged this Conformed Copy of the Certificate of Incorporation of LKQ Corporation this 3rd day of March, 2014.

LKQ Corporation

By: /s/ VICTOR M. CASINI

Name: Victor M. Casini

Title: Senior Vice President, General Counsel and Corporate Secretary

Exhibit 10.19

EXHIBIT B

M E M O R A N D U M

TO: _____

FROM: Compensation Committee

DATE: _____, 2014

RE: 2014 Bonus Program

You have been selected to participate in the LKQ Corporation Management Incentive Plan ("MIP") for purposes of your potential 2014 bonus. The potential bonus described in this letter is subject to all of the terms and conditions set forth in the MIP (a copy of which is attached to this letter).

Performance Period: January 1, 2014 to December 31, 2014

Performance Goals: The diluted earnings per share of LKQ Corporation ("EPS") for the Performance Period; provided, however, that EPS shall be increased to the extent that EPS was reduced in accordance with 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 or similar charges including but not limited to 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. Losses from discontinued operations; and
10. Other extraordinary, unusual or infrequently occurring items as disclosed in the Company's financial statements or filings under the Securities Exchange Act of 1934.

In addition, the Compensation Committee shall adjust the Performance Goals or other features of the Award that relate to the value or number of the shares of common stock of the Company to reflect any stock dividend, stock split, recapitalization, combination or exchange of shares, or other similar changes in such stock. Notwithstanding the foregoing, the Compensation Committee, in its sole discretion, may reduce the Actual Award payable to you below that which otherwise would be payable pursuant to the Payout Formula or may eliminate the Actual Award.

Target Award: ___% of Base Salary

Payout Formula:

EPS ($)	Percentage of Base Salary
Less than	0

ISDA

International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of June 27, 2013

Bank of America, N.A. and **LKQ Corporation**

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement".

Accordingly, the parties agree as follows:?

1. Interpretation

(a) ***Definitions***. The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement.

(b) ***Inconsistency***. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.

(c) ***Single Agreement.*** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) ***General Conditions.***

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) ***Change of Account***. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) ***Netting of Payments.*** If on any date amounts would otherwise be payable:?

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) ***Deduction or Withholding for Tax.***

(i) ***Gross-Up.*** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:?

(1) promptly notify the other party ("Y") of such requirement;

(2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;

(3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:?

(A) the failure by Y to comply with or perform any agreement contained in Section 4 (a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) ***Liability.*** If:?

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a) (i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) ***Basic Representations.***

(i) ***Status.*** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) ***Powers.*** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) ***No Violation or Conflict.*** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) ***Consents.*** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) ***Obligations Binding.*** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) ***Absence of Certain Events.*** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ***Absence of Litigation.*** There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ***Accuracy of Specified Information.*** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) ***Payer Tax Representation.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) ***Payee Tax Representations.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

(g) ***No Agency.*** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:?

(a) ***Furnish Specified Information.*** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:?

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) ***Maintain Authorisations.*** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) ***Comply With Laws.*** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) ***Tax Agreement.*** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) ***Payment of Stamp Tax.*** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction"), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) ***Events of Default.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an "Event of Default") with respect to such party:?

(i) ***Failure to Pay or Deliver.*** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;

(ii) ***Breach of Agreement; Repudiation of Agreement.***

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) ***Misrepresentation.*** A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default Under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) ***Cross-Default.*** If "Cross-Default" is specified in the Schedule as applying to the party, the occurrence or existence of:?

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) ***Bankruptcy.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:?

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) ***Termination Events.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:?

(i) ***Illegality.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):?

(1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) ***Force Majeure Event.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:?

(1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) ***Tax Event.*** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) ***Tax Event Upon Merger.*** The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) ***Credit Event Upon Merger.*** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:?

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the

date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) ***Additional Termination Event.*** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) ***Hierarchy of Events.***

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5 (a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) ***Deferral of Payments and Deliveries During Waiting Period.*** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:?

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) ***Inability of Head or Home Office to Perform Obligations of Branch.*** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i)or 5(a)(iii)(1) with respect to such party, then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) ***Right to Terminate Following Event of Default.*** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) ***Transfer to Avoid Termination Event.*** If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) ***Two Affected Parties.*** If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

(iv) ***Right to Terminate.***

(1) If:?

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:?

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).

(d) ***Calculations; Payment Date***.

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) ***Payment Date.*** An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) ***Termination Events.*** If the Early Termination Date results from a Termination Event:?

(1) *One Affected Party.* Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) *Two Affected Parties.* Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

(3) *Mid-Market Events*. If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:?

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) ***Adjustment for Bankruptcy.*** In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) ***Adjustment for Illegality or Force Majeure Event.*** The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) ***Pre-Estimate.*** The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) ***Set-Off.*** Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:?

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) ***Payment in the Contractual Currency.*** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) ***Judgments.*** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using

commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) ***Separate Indemnities.*** To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) ***Evidence of Loss.*** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) ***Entire Agreement.*** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) ***Amendments.*** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) ***Survival of Obligations.*** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) ***Remedies Cumulative.*** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) ***Counterparts and Confirmations***.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) ***No Waiver of Rights.*** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) ***Headings.*** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) ***Interest and Compensation.***

(i) Prior to Early Termination. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:?

(1) *Interest on Defaulted Payments.* If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) *Compensation for Defaulted Deliveries.* If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) *Interest on Deferred Payments*. If:?

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5 (d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event

continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) *Compensation for Deferred Deliveries.* If:?

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) ***Early Termination.*** Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:?

(1) *Unpaid Amounts.* For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) *Interest on Early Termination Amounts.* If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) ***Interest Calculation.*** Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) ***Effectiveness.*** Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:?

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;

(v) if sent by electronic messaging system, on the date it is received; or

(vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

(b) ***Change of Details.*** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) ***Jurisdiction.*** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:?

(i) submits:?

(1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

(2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

(iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(c) ***Service of Process.*** Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

(d) ***Waiver of Immunities.*** Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:?

"Additional Representation" has the meaning specified in Section 3.

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning specified in Section 1(c).

"Applicable Close-out Rate" means:?

(a) in respect of the determination of an Unpaid Amount:?

(i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;

(iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and

(iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:?

(i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:?

(1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;

(2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and

(3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:?

(1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;

(2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;

(3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and

(4) in all other cases, the Termination Rate.

"Applicable Deferral Rate" means:?

(a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;

(b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and

(c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

"Automatic Early Termination" has the meaning specified in Section 6(a).

"Burdened Party" has the meaning specified in Section 5(b)(iv).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

"Close-out Amount" means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in

Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information: ?

(i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;

(ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or

(iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party's Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:?

(1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and

(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

"Confirmation" has the meaning specified in the preamble.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Contractual Currency" has the meaning specified in Section 8(a).

"Convention Court" means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Cross-Default" means the event specified in Section 5(a)(vi).

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Designated Event" has the meaning specified in Section 5(b)(v).

"Determining Party" means the party determining a Close-out Amount.

"Early Termination Amount" has the meaning specified in Section 6(e).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"electronic messages" does not include e-mails but does include documents expressed in markup languages, and ***"electronic messaging system"*** will be construed accordingly.

"English law" means the law of England and Wales, and ***"English"*** will be construed accordingly.

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Force Majeure Event" has the meaning specified in Section 5(b).

"General Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and ***"unlawful"*** will be construed accordingly.

"Local Business Day" means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

"Local Delivery Day" means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

"Master Agreement" has the meaning specified in the preamble.

"Merger Without Assumption" means the event specified in Section 5(a)(viii).

"Multiple Transaction Payment Netting" has the meaning specified in Section 2(c).

"Non-affected Party" means, so long as there is only one Affected Party, the other party.

"Non-default Rate" means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Other Amounts" has the meaning specified in Section 6(f).

"Payee" has the meaning specified in Section 6(f).

"Payer" has the meaning specified in Section 6(f).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Proceedings" has the meaning specified in Section 13(b).

"Process Agent" has the meaning specified in the Schedule.

"rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Schedule" has the meaning specified in the preamble.

"Scheduled Settlement Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Stamp Tax Jurisdiction" has the meaning specified in Section 4(e).

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

"Termination Currency" means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Threshold Amount" means the amount, if any, specified as such in the Schedule.

"Transaction" has the meaning specified in the preamble.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5 (d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other

compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

"Waiting Period" means:?

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

Bank of America, N.A.	**LKQ Corporation**
(Name of Party)	(Name of Party)
By: /s/ ANA MORALES GILLARD	By: /s/ JOHN S. QUINN
Name: Ana Morales Gillard	Name: John S. Quinn
Title: Director	Title: Executive VP & CFO

ISDA

International Swaps and Derivatives Association, Inc.

SCHEDULE
to the
2002 Master Agreement

dated as of June 27, 2013

between

BANK OF AMERICA, N.A.,
a national banking association organized and existing
under the laws of the United States of America ,

("Party A")

and

LKQ CORPORATION,
a corporation organized and existing under the laws of Delaware,

("Party B")

Part 1
Termination Provisions

(a) **"*Specified Entity*"** means in relation to Party A for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none;

"*Specified Entity*" means in relation to Party B for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none.

(b) **"*Specified Transaction*"** will have the meaning specified in Section 14 but shall also include any transaction with respect to margin loans, cash loans and short sales of any financial instrument, and as amended by inserting the words, "or any Affiliate of Party A" immediately after "Agreement" in the second line thereof.

(c) The **"*Cross-Default*"** provisions of Section 5(a)(vi):
will apply to Party A
and will apply to Party B.

In connection therewith, **"*Specified Indebtedness*"** will not have the meaning specified in Section 14, and such definition shall be replaced by the following: "any obligation in respect of the payment or repayment of moneys (whether present or future, contingent or otherwise, as principal or surety or otherwise), including, but without limitation, any

obligation in respect of borrowed money except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business."

"*Threshold Amount*" means with respect to Party A an amount equal to three percent (3%) of the Shareholders' Equity of Bank of America Corporation and with respect to Party B, $75,000,000.

"*Credit Agreement*" means the Second 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, among LKQ Corporation and LKQ Delaware LLP, the Subsidiary Borrowers from time to time party thereto, the Lenders party thereto from time to time, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and RBS Citizens, N.A, as Co-Documentation Agents, as amended, extended, supplemented, restated or otherwise modified in writing from time to time.

"*Shareholders' Equity*" means with respect to an entity, at any time, the sum (as shown in the most recent annual audited financial statements of such entity) of (i) its capital stock (including preferred stock) outstanding, taken at par value, (ii) its capital surplus and (iii) its retained earnings, minus (iv) treasury stock, each to be determined in accordance with generally accepted accounting principles.

(d) The **"*Credit Event Upon Merger*"** provisions of Section 5(b)(v):
will apply to Party A
will apply to Party B

(e) The **"*Automatic Early Termination*"** provision of Section 6(a):
will not apply to Party A
will not apply to Party B.

(f) **"*Termination Currency*"** means United States Dollars.

(g) ***Additional Termination Event*** will apply.

It shall be an Additional Termination Event hereunder, with respect to which Party B shall be the sole Affected Party, if (1) an Event of Default (as defined in the Credit Agreement) occurs under the Credit Agreement, or if (2) the Credit Agreement shall be paid or prepaid in full, expire, terminate, or otherwise cease to be in full effect.

Part 2
Tax Representations

(a) ***Payer Tax Representations.*** For the purpose of Section 3(e) of this Agreement, Party A and Party B will make the following representation:-

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4 (a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, except that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) ***Payee Tax Representations.*** For the purpose of Section 3(f) of this Agreement, Party A and Party B will make the following representations specified below, if any:-

(i) The following representations will apply to Party A:

Party A is a national banking association created or organized under the laws of the United States of America and the federal taxpayer identification number is 94-1687665...

(ii) The following representations will apply to Party B:

Party B is a corporation created or organized under the laws of the State of Delaware and the federal taxpayer identification number is 36-4215970.

Part 3
Agreement to Deliver Documents

For the purpose of Section 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents:

(a) Tax forms, documents or certificates to be delivered are:

Party required to deliver document	Document	Date by which to be delivered
Party B	Internal Revenue Service Form W-9	Upon execution and delivery of this Agreement

(b) Other documents to be delivered are:-

Party required to deliver document	**Form/Document/Certificate**	**Date by which to be delivered**	**Covered by Section 3(d) Representation**
Party A and Party B	Certified copies of all corporate, partnership or membership authorizations, as the case may be, and any other documents with respect to the execution, delivery and performance of this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement	Yes
Party A and Party B	Certificate of authority and specimen signatures of individuals executing this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement and thereafter upon request of the other party	Yes
Party A	Annual Report of PARTY A containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party is organized	To be made available on www.bankofamerica.com/investor/ as soon as available and in any event within 90 days after the end of each fiscal year of Party A	Yes
Party A	Quarterly Financial Statements of PARTY A containing unaudited, consolidated financial statements of such party's fiscal quarter prepared in accordance with generally accepted accounting principles in the country in which such party is organized	To be made available on www.bankofamerica.com/investor/ as soon as available and in any event within 45 days after the end of each fiscal quarter of Party A	Yes
Party B	Annual Report of Party B and of any Credit Support Provider thereof containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 90 days after the end of each fiscal year of Party B and of the Credit Support Provider	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party B	Quarterly Financial Statements of Party B and any Credit Support Provider thereof containing unaudited, consolidated financial statements of such party's fiscal quarter prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 45 days after the end of each fiscal quarter of Party B and of the Credit Support Provider	Yes

Part 4
Miscellaneous

(a) ***Address for Notices.*** For the purpose of Section 12(a) of this Agreement:-

Address for notice or communications to Party A:

Bank of America, N.A.
200 N. College Street NC1-004-03-43
Charlotte, NC 28255-0001
Attention: Swap Operations
Telephone No.: (312) 234 2732
Facsimile No.: (866) 255 1444

With a copy to:-

Bank of America, N.A.
1133 Avenue of the Americas, NY1-533-42-01
New York, New York 10036
Attention: Client Integration and Documentation Group
Facsimile No.: (212) 548 8622

Address for notice or communications to Party B:

Address: LKQ Corporation
500 West Madison Street, Suite 2800
Chicago, IL 60611
Attention: Jack B. Brooks

Telephone No.: 312/621-2774
Facsimile No.: 866/669-2811
Email Address: jbbrooks@lkqcorp.com

with a copy to:

Address: LKQ Corporation
500 West Madison Street, Suite 2800
Chicago, IL 60611
Attention: Victor Casini

Telephone No.: 312/621-2754
Facsimile No.: 312/280-3730
Email Address: victorcasini@lkqccorp.com

(b) ***Process Agent.*** For the purpose of Section 13(c):

Party A appoints as its Process Agent: Not applicable.
Party B appoints as its Process Agent: Not applicable.

(c) ***Offices.*** The provisions of Section 10(a) will apply to this Agreement.

(d) ***Multibranch Party.*** For the purpose of Section 10(b) of this Agreement:-

Party A is a Multibranch Party and may act through its Charlotte, North Carolina, Chicago, Illinois, San Francisco, California, New York, New York, Boston, Massachusetts or London, England Office, its Canada Branch, located in Toronto, Ontario or such other Office as may be agreed to by the parties in connection with a Transaction.

Party B is not a Multibranch Party.

(e) ***Calculation Agent.*** The Calculation Agent is Party A.

(f) ***Credit Support Document.*** Details of any Credit Support Document:-

Each of the following, as amended, extended, supplemented or otherwise modified in writing from time to time, is a "Credit Support Document":

In relation to Party B, the Credit Agreement, and the Security Documents, or the Collateral Documents, as the case may be, as defined in the Credit Agreement.

Party B agrees that the security interests in collateral granted to Party A under the foregoing Credit Support Documents shall secure the obligations of Party B to Party A under this Agreement.

(g) ***Credit Support Provider.***

Credit Support Provider means in relation to party A: Not applicable.

Credit Support Provider means in relation to Party B: Subsidiary Borrowers and Subsidiary Guarantors, each as defined in the Credit Agreement, excluding, however, any Subsidiary, as defined in the Credit Agreement, that would become an Affected Foreign Subsidiary, as defined in the Credit Agreement, if it guaranteed or became liable for, or

granted any security interests to secure, the obligations under this Agreement or any Transaction.

(h) ***Governing Law.*** This Agreement and any and all controversies arising out of or in relation to this Agreement shall be governed by and construed in accordance with the laws of the State of New York (without reference to its conflict of laws doctrine).

(i) ***Netting of Payments.*** Section 2(c)(ii) of this Agreement shall apply; provided that either party may cause payments due on the same day in the same currency (between the same Offices) but under different Transactions to be discharged and replaced with a single, netted payment obligation by providing the other party with a written statement detailing the calculation of such net amount payable not later than two Business Days prior to the relevant due date.

(j) ***"Affiliate"*** will have the meaning specified in Section 14 of this Agreement.

(k) ***Absence of Litigation.*** For the purpose of Section 3(c):-

"Specified Entity" means in relation to Party A, none;
"Specified Entity" means in relation to Party B, none.

(l) ***No Agency.*** The provisions of Section 3(g) will apply to this Agreement.

(m) ***Additional Representation*** will apply. For the purpose of Section 3 of this Agreement, each of the following will constitute an Additional Representation:-

(i) ***Relationship Between Parties.*** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

(1) ***Non-Reliance.*** It is acting for its own account, and, it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(2) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(3) ***Status of Parties.*** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

(ii) Each party makes the representations below (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into):

(1) ***Eligible Contract Participant.*** Each party will be deemed to represent to the other party on each date on which a Transaction is entered into that it is an "eligible contract participant" and that each guarantor of its Swap Obligations (as defined below), if any, is an "eligible contract participant," as such term is defined in the U.S. Commodity Exchange Act, as amended. For purposes of this provision, ***"Swap Obligation"*** means an obligation incurred with respect to a transaction that is a "swap" as defined in the Section 1a(47) of the Commodity Exchange Act and CFTC Regulation 1.3(xxx).

(2) ***Line of Business***. It has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business. It represents and warrants that all transactions effected under this Agreement (a) will be appropriate in the conduct and management of its business, (b) will be entered into for non-speculative purposes, and (c) as to Party B, Party B represents that all Transactions effected under this Agreement constitute transactions entered into for purposes of hedging or managing risks related to its assets or liabilities as currently owned or incurred, or likely to be owned or incurred in the conduct of its business.

(n) ***Recording of Conversations.*** Each party to this Agreement acknowledges and agrees to the recording of conversations between trading and marketing personnel of the parties to this Agreement whether by one or other or both of the parties or their agents.

Part 5
Other Provisions

(a) ***Financial Statements.*** Section 3(d) is hereby amended by adding in the third line thereof after the word "respect" and before the period:

"or, in the case of financial statements, a fair presentation of the financial condition of the relevant party."

(b) ***2002 Master Agreement Protocol***. Annexes 1 to 18 and Section 6 of the ISDA 2002 Master Agreement Protocol as published by the International Swaps and Derivatives Association, Inc. on July 15, 2003 are incorporated into and apply to this Agreement. References in those definitions and provisions to any ISDA Master Agreement will be deemed to be references to this Master Agreement.

(c) ***WAIVER OF RIGHT TO TRIAL BY JURY.*** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY CREDIT SUPPORT DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(d) ***Method of Notice.*** Section 12(a)(ii) of the Master Agreement is deleted in its entirety.

(e) ***Safe Harbors.*** Each party to this Agreement acknowledges that:

(i) This Agreement, including any Credit Support Document, is a "master netting agreement" as defined in the U.S. Bankruptcy Code (the ***"Code"***), and a "netting contract" as defined in the netting provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 (***"FDICIA"***), and this Agreement, including any Credit Support Document, and each Transaction hereunder is of a type set forth in Section 561(a)(1)-(5) of the Code;

(ii) Party A is a "master netting agreement participant," a "financial institution," a "financial participant,"' a "forward contract merchant" and a "swap participant" as defined in the Code, and a "financial institution" as defined in the netting provisions of FDICIA;

(iii) The remedies provided herein, and in any Credit Support Document, are the remedies referred to in Section 561(a), Sections 362(b)(6), (7), (17) and (27), and Section 362 (o) of the Code, and in Section 11(e)(8)(A) and (C) of the Federal Deposit Insurance Act;

(iv) All transfers of cash, securities or other property under or in connection with this Agreement, any Credit Support Document or any Transaction hereunder are "margin payments," "settlement payments" and "transfers" under Sections 546(c), (f), (g) or (j), and under Sec[ion 548(d)(2) of the Code; and

(v) Each obligation under this Agreement, any Credit Support Document or any Transaction hereunder is an obligation to make a "margin payment," "settlement payment" and "payment" within the meaning of Sections 362, 560 and 561 of the Code.

(f) ***Hedge Agreement.*** Party B represents to Party A (which representation will be deemed to be repeated by Party B on each date on which a Transaction is entered into) that this Agreement is a Hedge Agreement as defined in the Credit Agreement.

(g) ***Withholding Tax Imposed on Payments to Non-U.S. Counterparties under the United States Foreign Account Tax Compliance Act***. (a) For purposes of any Payer Tax Representation, the words "any Tax from any payment" shall not include any tax imposed under Sections 1471 and 1472 of the Internal Revenue Code of 1986, as amended (or the United States Treasury regulations or other guidance issued or any agreements entered into thereunder) ("FATCA Withholding Tax"); (b) for the avoidance of doubt the parties agree that for purposes of Section 2(d) of this Agreement the

deduction or withholding of FATCA Withholding Tax is required by applicable law; and (c) the definition of "Indemnifiable Tax" shall not include any FATCA Withholding Tax.

(h) ***Confirmations.*** For each Transaction that Party A and Party B agree to enter into under this Agreement, Party A shall use reasonable efforts to promptly send to Party B a Confirmation setting forth the terms of such Transaction by facsimile or other electronic means. Unless Party B objects to the terms of a Transaction contained in any Confirmation within three (3) Local Business Days of receipt thereof, the terms of such Confirmation shall be deemed correct and accepted absent manifest error, unless a corrected Confirmation is sent by Party A, within such three-day period, in which case Party B shall have two (2) Local Business Days after receipt thereof to object to the terms contained in such corrected Confirmation.

(i) ***Only ECPs Can Be Guarantors.*** Notwithstanding anything to the contrary in this Agreement or in any credit agreement or guaranty, no person providing a guaranty of any obligation of Party B under this Agreement (each such person, a "Guarantor") shall be deemed to be a guarantor of, or to have granted a security interest to secure any guaranty by Guarantor of, any Swap Obligation (as defined below) if such Guarantor is not an "Eligible Contract Participant" as defined in the Commodity Exchange Act and the applicable rules and regulations issued by the Commodity Futures Trading Commission and/or the Securities and Exchange Commission (collectively, and as now or hereafter in effect, "the ECP Rules") at the time Party B entered into any applicable Transaction (each such Swap Obligation, an "Excluded Swap Obligation"), but solely to the extent that the providing of such guaranty by such Guarantor, or grant of a security interest to secure any guaranty by Guarantor, of any Swap Obligation by such Guarantor would violate the ECP Rules or other applicable law or regulation. Except as expressly set forth in the preceding sentence, nothing in this Agreement shall be deemed to restrict, reduce or waive any obligation of any such Guarantor under any guaranty or other Credit Support Document, and such guaranty or other Credit Support Document shall continue to guarantee, or grant a security interest to secure, as applicable, in accordance with its terms, each Swap Obligation that is not an Excluded Swap Obligation.

The term "**Swap Obligation**" means any obligation of any person to pay or perform under any Transaction that constitutes a "swap" as defined in the Commodity Exchange Act.

(j) ***USA PATRIOT Act Notice.*** Party A hereby notifies Party B that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Party B, which information includes the name and address of Party B and other information that will allow Party A to identify Party B in accordance with the Act.

(k) ***Restatement and Amendment of Prior Agreement.*** This Master Agreement restates and amends in its entirety the ISDA Master Agreement dated as of March 22, 2011 between the parties hereto (the "Prior Agreement"). Each confirmation to the Prior Agreement shall be deemed a Confirmation subject to this Agreement, and each transaction subject to such a confirmation shall be governed hereby.

Part 6
Additional Terms for Foreign Exchange and Foreign Exchange Option Transactions

(a) ***Incorporation of Definitions.*** The 1998 FX and Currency Option Definitions (the ***"FX Definitions"***), published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and The Foreign Exchange Committee, are hereby incorporated by reference with respect to FX Transactions (as defined in the FX Definitions) and Currency Option Transactions (as defined in the FX Definitions). Terms defined in the FX Definitions shall have the same meanings in this Part 6.

(b) ***Scope.*** Unless otherwise agreed in writing by the parties, each FX Transaction and Currency Option Transaction entered into between the parties before, on or after the date of this Agreement shall be a Transaction under this Agreement and shall be part of, subject to and governed by this Agreement. FX Transactions and Currency Option Transactions shall be part of, subject to and governed by this Agreement even if the Confirmation in respect thereof does not state that such FX Transaction or Currency Option Transaction is subject to or governed by this Agreement or does not otherwise reference this Agreement.

When an FX Transaction or a Currency Option is confirmed by means of exchange of electronic messages on an electronic messaging system or other document or other confirming evidence exchanged between the parties confirming such Transaction, such messages, document or evidence will constitute a Confirmation for the purposes of this Agreement even where not so specified therein.

(c) ***Premium Netting.*** If, on any date, and unless otherwise mutually agreed by the parties, Premiums would otherwise be payable hereunder in the same Currency between the same respective offices of the parties, then, on such date, each party's obligation to make payment of such Premiums will be automatically satisfied and discharged and, if the aggregate Premiums that would otherwise have been payable by such office of one party exceeds the aggregate Premiums that would otherwise have been payable by such office of the other party, replaced by an obligation upon the party by whom the larger aggregate Premiums would have been payable to pay the other party the excess of the larger aggregate Premiums over the smaller aggregate Premiums, and if the aggregate Premiums are equal, no payment shall be made.

(d) ***Payment Netting of FX Transactions and Currency Option Transactions.*** Multiple Transaction Payment Netting shall not apply to FX Transactions or Currency Option Transactions. Unless otherwise mutually agreed by the parties, if on any date more than one delivery of a particular Currency is to be made between a pair of offices with respect to settlement of FX Transactions or Currency Option Transactions (but excluding payments with respect to option premiums and cash settled options), then each party shall aggregate the amounts of such Currency deliverable by it and only the difference between these aggregate amounts shall be delivered by the party owing the larger aggregate amount to the other party, and, if the aggregate amounts are equal, no delivery of the Currency shall be made.

(e) ***Potential Event of Default.*** Subject to Section 2(a)(iii) of the Agreement, if an Event of Default or Potential Event of Default has occurred and is continuing, and an Early Termination Date has not been designated by the Non-defaulting Party, the Non-defaulting Party may, by written notice, specify that any or all Currency Options being settled while such Event of Default or Potential Event of Default is continuing shall be settled in accordance with Article 3, Section 3.7 of the FX Definitions and upon such notice becoming effective, the Parties shall be deemed to have elected to have the specified Currency Options settle at the In-the-Money Amount unless and until the Event of Default or Potential Event of Default is no longer continuing.

(f) ***Payment Instructions.*** All payments to be made hereunder in respect of FX and Currency Option Transactions shall be made in accordance with standing payment instructions provided by the parties from tune to time in writing (or as otherwise specified in a Confirmation).

(g) ***Notice of Exercise.*** Article 3, Section 3.5(g) of the FX Definitions is amended by the deletion of the word "facsimile," in the fourth line thereof.

(h) ***Automatic Exercise.*** Article 3, Section 3.6(c)(i), line six of the FX Definitions which currently reads "one percent of the Strike Price" shall be amended to read "0.5% of the Strike Price,"

(i) ***Terms Relating to Premium.*** Article 3, Section 3.4. of the FX Definitions is hereby amended by the addition of the following as a new paragraph (c) of the FX Definitions.

"(c) **Premium: Failure to Pay on Premium Payment Date.** If any Premium is not received on the Premium Payment Date, the Seller may elect: (i) to accept a late payment of such Premium; (ii) to give written notice of such non-payment and, if such payment shall not be received within two (2) Local Business Days of such notice, treat the related Currency Option as void; or (iii) to give written notice of such non-payment and, if such payment shall not be received within two (2) Local Business Days of such notice, treat such non-payment as an Event of Default under Section 5(a)(i). If the Seller elects to act under either clause (i) or (ii) of the preceding sentence, the Buyer shall pay all out-of-pocket costs and actual damages incurred in connection with such unpaid or late Premium or void Currency Option, including, without limitation, interest on such Premium in the same currency as such Premium at the then prevailing market rate and any other costs or expenses incurred by the Seller in covering its obligations (including without limitation, a delta hedge) with respect to such currency Option."

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorized officers as of the date hereof:

BANK OF AMERICA, N.A.		**LKQ CORPORATION**	
By:	/s/ ANA MORALES GILLARD	By:	/s/ JOHN S. QUINN
Name:	Ana Morales Gillard	Name:	John S. Quinn
Title:	Director	Title:	Executive VP & CFO
		Date:	October 7, 2013

ISDA

International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of **September 18, 2013**

CITIZENS BANK OF PENNSYLVANIA and **LKQ CORPORATION**

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement".

Accordingly, the parties agree as follows:?

1. Interpretation

(a) ***Definitions***. The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement.

(b) ***Inconsistency***. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.

(c) ***Single Agreement.*** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) ***General Conditions.***

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) ***Change of Account***. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) ***Netting of Payments.*** If on any date amounts would otherwise be payable:?

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) ***Deduction or Withholding for Tax.***

(i) ***Gross-Up.*** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:?

(1) promptly notify the other party ("Y") of such requirement;

(2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;

(3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:?

(A) the failure by Y to comply with or perform any agreement contained in Section 4 (a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) ***Liability.*** If:?

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a) (i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) ***Basic Representations.***

(i) ***Status.*** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) ***Powers.*** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) ***No Violation or Conflict.*** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) ***Consents.*** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) ***Obligations Binding.*** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) ***Absence of Certain Events.*** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ***Absence of Litigation.*** There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ***Accuracy of Specified Information.*** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) ***Payer Tax Representation.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) ***Payee Tax Representations.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

(g) ***No Agency.*** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:?

(a) ***Furnish Specified Information.*** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:?

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) ***Maintain Authorisations.*** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) ***Comply With Laws.*** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) ***Tax Agreement.*** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) ***Payment of Stamp Tax.*** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction"), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) ***Events of Default.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an "Event of Default") with respect to such party:?

(i) ***Failure to Pay or Deliver.*** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;

(ii) ***Breach of Agreement; Repudiation of Agreement.***

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) ***Misrepresentation***. A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default Under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) ***Cross-Default.*** If "Cross-Default" is specified in the Schedule as applying to the party, the occurrence or existence of:?

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) ***Bankruptcy.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:?

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) ***Termination Events.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:?

(i) ***Illegality.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):?

(1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) ***Force Majeure Event.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:?

(1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) ***Tax Event.*** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) ***Tax Event Upon Merger.*** The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) ***Credit Event Upon Merger.*** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:?

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the

date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) ***Additional Termination Event.*** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) ***Hierarchy of Events.***

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5 (a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) ***Deferral of Payments and Deliveries During Waiting Period.*** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:?

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) ***Inability of Head or Home Office to Perform Obligations of Branch.*** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i)or 5(a)(iii)(1) with respect to such party, then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) ***Right to Terminate Following Event of Default.*** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) ***Transfer to Avoid Termination Event.*** If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) ***Two Affected Parties.*** If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

(iv) ***Right to Terminate.***

(1) If:?

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:?

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).

(d) ***Calculations; Payment Date***.

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) ***Payment Date.*** An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) ***Termination Events.*** If the Early Termination Date results from a Termination Event:?

(1) *One Affected Party.* Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) *Two Affected Parties.* Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

(3) *Mid-Market Events*. If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:?

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) ***Adjustment for Bankruptcy.*** In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) ***Adjustment for Illegality or Force Majeure Event.*** The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) ***Pre-Estimate.*** The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) ***Set-Off.*** Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:?

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) ***Payment in the Contractual Currency.*** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) ***Judgments.*** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using

commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) ***Separate Indemnities.*** To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) ***Evidence of Loss.*** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) ***Entire Agreement.*** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) ***Amendments.*** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) ***Survival of Obligations.*** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) ***Remedies Cumulative.*** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) ***Counterparts and Confirmations***.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) ***No Waiver of Rights.*** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) ***Headings.*** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) ***Interest and Compensation.***

(i) Prior to Early Termination. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:?

(1) *Interest on Defaulted Payments.* If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) *Compensation for Defaulted Deliveries.* If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) *Interest on Deferred Payments*. If:?

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5 (d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event

continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) *Compensation for Deferred Deliveries.* If:?

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) ***Early Termination.*** Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:?

(1) *Unpaid Amounts.* For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) *Interest on Early Termination Amounts.* If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) ***Interest Calculation.*** Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) ***Effectiveness.*** Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:?

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;

(v) if sent by electronic messaging system, on the date it is received; or

(vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

(b) ***Change of Details.*** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) ***Jurisdiction.*** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:?

(i) submits:?

(1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

(2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

(iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(c) ***Service of Process.*** Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

(d) ***Waiver of Immunities.*** Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:?

"Additional Representation" has the meaning specified in Section 3.

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning specified in Section 1(c).

"Applicable Close-out Rate" means:?

(a) in respect of the determination of an Unpaid Amount:?

(i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;

(iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and

(iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:?

(i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:?

(1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;

(2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and

(3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:?

(1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;

(2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;

(3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and

(4) in all other cases, the Termination Rate.

"Applicable Deferral Rate" means:?

(a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;

(b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and

(c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

"Automatic Early Termination" has the meaning specified in Section 6(a).

"Burdened Party" has the meaning specified in Section 5(b)(iv).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

"Close-out Amount" means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in

Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information: ?

(i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;

(ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or

(iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party's Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:?

(1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and

(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

"Confirmation" has the meaning specified in the preamble.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Contractual Currency" has the meaning specified in Section 8(a).

"Convention Court" means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Cross-Default" means the event specified in Section 5(a)(vi).

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Designated Event" has the meaning specified in Section 5(b)(v).

"Determining Party" means the party determining a Close-out Amount.

"Early Termination Amount" has the meaning specified in Section 6(e).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"electronic messages" does not include e-mails but does include documents expressed in markup languages, and ***"electronic messaging system"*** will be construed accordingly.

"English law" means the law of England and Wales, and ***"English"*** will be construed accordingly.

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Force Majeure Event" has the meaning specified in Section 5(b).

"General Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and ***"unlawful"*** will be construed accordingly.

"Local Business Day" means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

"Local Delivery Day" means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

"Master Agreement" has the meaning specified in the preamble.

"Merger Without Assumption" means the event specified in Section 5(a)(viii).

"Multiple Transaction Payment Netting" has the meaning specified in Section 2(c).

"Non-affected Party" means, so long as there is only one Affected Party, the other party.

"Non-default Rate" means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Other Amounts" has the meaning specified in Section 6(f).

"Payee" has the meaning specified in Section 6(f).

"Payer" has the meaning specified in Section 6(f).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Proceedings" has the meaning specified in Section 13(b).

"Process Agent" has the meaning specified in the Schedule.

"rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Schedule" has the meaning specified in the preamble.

"Scheduled Settlement Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Stamp Tax Jurisdiction" has the meaning specified in Section 4(e).

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

"Termination Currency" means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Threshold Amount" means the amount, if any, specified as such in the Schedule.

"Transaction" has the meaning specified in the preamble.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5 (d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other

compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

"Waiting Period" means:?

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

CITIZENS BANK OF PENNSYLVANIA		**LKQ CORPORATION**	
By:	/s/ MICHAEL T. LIBERATORE	By:	/s/ JOHN S. QUINN
Name:	Michael T. Liberatore	Name:	John S. Quinn
Title:	VP	Title:	Executive Vice President & C.F.O.

ISDA

International Swaps and Derivatives Association, Inc.

SCHEDULE
to the
2002 Master Agreement

dated as of **September 18, 2013**

between

CITIZENS BANK OF PENNSYLVANIA,

a bank organized under the laws of Pennsylvania,

("Party A")

and

LKQ CORPORATION,

a corporation organized and existing under the laws of Delaware,

("Party B")

Part 1
Termination Provisions

(a) **"*Specified Entity*"** means in relation to Party A for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none;

"*Specified Entity*" means in relation to Party B for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none.

(b) **"*Specified Transaction*"** will have the meaning specified in Section 14 but shall also include any transaction with respect to margin loans, cash loans and short sales of any financial instrument, and as amended by inserting the words, "or RBS Citizens, N.A." immediately after "Agreement" in the second line thereof.

(c) The **"*Cross-Default*"** provisions of Section 5(a)(vi):
will apply to Party A
and will apply to Party B.

In connection therewith, **"*Specified Indebtedness*"** will not have the meaning specified in Section 14, and such definition shall be replaced by the following: "any obligation in respect of the payment or repayment of moneys (whether present or future, contingent or otherwise, as principal or surety or otherwise), including, but without limitation, any obligation in respect of borrowed money except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business."

"*Threshold Amount*" means with respect to Party A an amount equal to three percent (3%) of the stockholders' equity (however described) of RBS Citizens Financial Group, Inc. as shown on the most recent annual audited financial statements of RBS Citizens Financial Group, Inc. and with respect to Party B, $75,000,000.

"*Credit Agreement*" means the Second 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, among LKQ Corporation and LKQ Delaware LLP, the Subsidiary Borrowers from time to time party thereto, the Lenders party thereto from time to time, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and RBS Citizens, N.A, as Co-Documentation Agents, as amended, extended, supplemented, restated or otherwise modified in writing from time to time.

(d) The **"*Credit Event Upon Merger*"** provisions of Section 5(b)(v):
will apply to Party A
will apply to Party B

(e) The **"*Automatic Early Termination*"** provision of Section 6(a):
will not apply to Party A
will not apply to Party B.

(f) **"*Termination Currency*"** means United States Dollars.

(g) ***Additional Termination Event*** will apply.

It shall be an Additional Termination Event hereunder, with respect to which Party B shall be the sole Affected Party, if (1) an Event of Default (as defined in the Credit Agreement) occurs under the Credit Agreement, or if (2) the Credit Agreement shall be paid or prepaid in full, expire, terminate, or otherwise cease to be in full effect.

Part 2
Tax Representations

(a) ***Payer Tax Representations.*** For the purpose of Section 3(e) of this Agreement, Party A and Party B will make the following representation:-

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, except that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) ***Payee Tax Representations.*** For the purpose of Section 3(f) of this Agreement, Party A and Party B will make the following representations specified below, if any:-

(i) The following representations will apply to Party A:

Party A is a bank organized under the laws of Pennsylvania, is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal income tax purposes, and its U.S. tax identification number is 23-3097422.

(ii) The following representations will apply to Party B:

Party B is a corporation created or organized under the laws of the State of Delaware and the federal taxpayer identification number is 36-4215970.

Part 3
Agreement to Deliver Documents

For the purpose of Section 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents:

(a) Tax forms, documents or certificates to be delivered are:

Party required to deliver document	**Document**	**Date by which to be delivered**
Party B	Internal Revenue Service Form W-9	Upon execution and delivery of this Agreement

(b) Other documents to be delivered are:-

Party required to deliver document	**Form/Document/Certificate**	**Date by which to be delivered**	**Covered by Section 3(d) Representation**
Party A and Party B	Certified copies of all corporate, partnership or membership authorizations, as the case may be, and any other documents with respect to the execution, delivery and performance of this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement	Yes
Party A and Party B	Certificate of authority and specimen signatures of individuals executing this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement and thereafter upon request of the other party	Yes
Party A	Annual Report of RBS Citizens Financial Group, Inc. containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party is organized	Upon request, provided however that publication of such financial statements on RBS Citizens Financial Group, Inc.'s website shall constitute delivery for purposes of this provision, to the extent accessible to Party A.	Yes
Party B	Annual Report of Party B and of any Credit Support Provider thereof containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 90 days after the end of each fiscal year of Party B and of the Credit Support Provider	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party B	Quarterly Financial Statements of Party B and any Credit Support Provider thereof containing unaudited, consolidated financial statements of such party's fiscal quarter prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 45 days after the end of each fiscal quarter of Party B and of the Credit Support Provider	Yes

Part 4
Miscellaneous

(a) ***Address for Notices.*** For the purpose of Section 12(a) of this Agreement:-

Address for notice or communications to Party A:

Address: Citizens Bank of Pennsylvania
One Citizens Plaza
Providence, RI 02903

Attention: Treasury Operations

Telephone No.: (401) 282-7250
Facsimile No.: (401) 282-7718

with a copy to:

Address: Citizens Bank of Pennsylvania
28 State Street
Boston, MA 02109

Attention: Legal Department

Telephone No.: (617) 725-5813
Facsimile No.: (617) 725-5620

Address for notice or communications to Party B:

Address: LKQ Corporation
500 West Madison Street, Suite 2800
Chicago, IL 60661
Attention: Jack B. Brooks

Telephone No.: 312/621-2774
Facsimile No.: 866/669-2811
Email Address: jbbrooks@lkqcorp.com

with a copy to:

Address: LKQ Corporation
500 West Madison Street, Suite 2800
Chicago, IL 60661
Attention: Victor Casini

Telephone No.: 312/621-2754
Facsimile No.: 312/280-3730
Email Address: victorcasini@lkqccorp.com

(b) ***Process Agent.*** For the purpose of Section 13(c):

Party A appoints as its Process Agent: Not applicable.
Party B appoints as its Process Agent: Not applicable.

(c) ***Offices.*** The provisions of Section 10(a) will apply to this Agreement.

(d) ***Multibranch Party.*** For the purpose of Section 10(b) of this Agreement:-

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) ***Calculation Agent.*** The Calculation Agent is Party A.

(f) ***Credit Support Document.*** Details of any Credit Support Document:-

Each of the following, as amended, extended, supplemented or otherwise modified in writing from time to time, is a "Credit Support Document":

In relation to Party B, the Credit Agreement, and the Security Documents, or the Collateral Documents, as the case may be, as defined in the Credit Agreement.

Party B agrees that the security interests in collateral granted to Party A or an Affiliate of Party A by Party B and any Credit Support Provider under the foregoing Credit Support Documents shall secure the obligations of Party B to Party A under this Agreement.

(g) ***Credit Support Provider.***

Credit Support Provider means in relation to party A: Not applicable.

Credit Support Provider means in relation to Party B: Subsidiary Borrowers and Subsidiary Guarantors, each as defined in the Credit Agreement, excluding, however, any Subsidiary, as defined in the Credit Agreement, that would become an Affected Foreign Subsidiary, as defined in the Credit Agreement, if it guaranteed or became liable for, or granted any security interests to secure, the obligations under this Agreement or any Transaction and excluding any Subsidiary that is not an "Eligible Contract Participant" as such term is defined in the U.S. Commodity Exchange Act, as amended.

(h) ***Governing Law.*** This Agreement and any and all controversies arising out of or in relation to this Agreement shall be governed by and construed in accordance with the laws of the State of New York (without reference to its conflict of laws doctrine).

(i) ***Netting of Payments.*** Unless the parties otherwise so agree, Section 2(c)(ii) of this Agreement shall apply.

(j) ***"Affiliate"*** will have the meaning specified in Section 14 of this Agreement.

(k) ***Absence of Litigation.*** For the purpose of Section 3(c):-

"Specified Entity" means in relation to Party A, none;
"Specified Entity" means in relation to Party B, none.

(l) ***No Agency.*** The provisions of Section 3(g) will apply to this Agreement.

(m) ***Additional Representation*** will apply. For the purpose of Section 3 of this Agreement, each of the following will constitute an Additional Representation:-

(i) ***Relationship Between Parties.*** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

(1) ***Non-Reliance.*** It is acting for its own account, and, it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(2) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of

that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(3) ***Status of Parties.*** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

(ii) Each party makes the representations below (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into):

(1) ***Eligible Contract Participant.*** Each party will be deemed to represent to the other party on each date on which a Transaction is entered into that it is an "eligible contract participant" and that each guarantor of its Swap Obligations (as defined below), if any, is an "eligible contract participant," as such term is defined in the U.S. Commodity Exchange Act, as amended. For purposes of this provision, "Swap Obligation" means an obligation incurred with respect to a transaction that is a "swap" as defined in the Section 1a(47) of the Commodity Exchange Act and CFTC Regulation 1.3(xxx)**.**

(2) ***Line of Business***. It has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business. It represents and warrants that all transactions effected under this Agreement (a) will be appropriate in the conduct and management of its business, (b) will be entered into for non-speculative purposes, and (c) as to Party B, Party B represents that all Transactions effected under this Agreement constitute transactions entered into for purposes of hedging or managing risks related to its assets or liabilities as currently owned or incurred, or likely to be owned or incurred in the conduct of its business.

(n) ***Recording of Conversations.*** Each party to this Agreement acknowledges and agrees to the recording of conversations between trading and marketing personnel of the parties to this Agreement whether by one or other or both of the parties or their agents.

Part 5
Other Provisions

(a) ***Financial Statements.*** Section 3(d) is hereby amended by adding in the third line thereof after the word "respect" and before the period:

"or, in the case of financial statements, a fair presentation of the financial condition of the relevant party."

(b) ***2002 Master Agreement Protocol***. Annexes 1 to 18 and Section 6 of the ISDA 2002 Master Agreement Protocol as published by the International Swaps and Derivatives Association, Inc. on July 15, 2003 are incorporated into and apply to this Agreement. References in those definitions and provisions to any ISDA Master Agreement will be deemed to be references to this Master Agreement.

(c) ***WAIVER OF RIGHT TO TRIAL BY JURY.*** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY CREDIT SUPPORT DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(d) ***Method of Notice.*** Section 12(a)(ii) of the Master Agreement is deleted in its entirety.

(e) ***Safe Harbors.*** Each party to this Agreement acknowledges that:

(i) This Agreement, including any Credit Support Document, is a "master netting agreement" as defined in the U.S. Bankruptcy Code (the ***"Code"***), and a "netting contract" as defined in the netting provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 (***"FDICIA"***), and this Agreement, including any Credit Support Document, and each Transaction hereunder is of a type set forth in Section 561(a)(1)-(5) of the Code;

(ii) Party A is a "master netting agreement participant," a "financial institution," a "financial participant,"' a "forward contract merchant" and a "swap participant" as defined in the Code, and a "financial institution" as defined in the netting provisions of FDICIA;

(iii) The remedies provided herein, and in any Credit Support Document, are the remedies referred to in Section 561(a), Sections 362(b)(6), (7), (17) and (27), and Section 362 (o) of the Code, and in Section 11(e)(8)(A) and (C) of the Federal Deposit Insurance Act;

(iv) All transfers of cash, securities or other property under or in connection with this Agreement, any Credit Support Document or any Transaction hereunder are "margin payments," "settlement payments" and "transfers" under Sections 546(c), (f), (g) or (j), and under Section 548(d)(2) of the Code; and

(v) Each obligation under this Agreement, any Credit Support Document or any Transaction hereunder is an obligation to make a "margin payment," "settlement payment" and "payment" within the meaning of Sections 362, 560 and 561 of the Code.

(f) ***Hedge Agreement.*** Party B represents to Party A (which representation will be deemed to be repeated by Party B on each date on which a Transaction is entered into) that this Agreement is a Hedge Agreement as defined in the Credit Agreement.

(g) ***Withholding Tax Imposed on Payments to Non-U.S. Counterparties under the United States Foreign Account Tax Compliance Act***. (a) For purposes of any Payer Tax Representation, the words "any Tax from any payment" shall not include any tax imposed under Sections 1471 and 1472 of the Internal Revenue Code of 1986, as amended (or the United States Treasury regulations or other guidance issued or any agreements entered into thereunder) ("FATCA Withholding Tax"); (b) for the avoidance of doubt the parties agree that for purposes of Section 2(d) of this Agreement the deduction or withholding of FATCA Withholding Tax is required by applicable law; and (c) the definition of "Indemnifiable Tax" shall not include any FATCA Withholding Tax.

(h) ***Confirmations.*** For each Transaction that Party A and Party B agree to enter into under this Agreement, Party A shall use reasonable efforts to promptly send to Party B a Confirmation setting forth the terms of such Transaction by facsimile or other electronic means. Unless Party B objects to the terms of a Transaction contained in any Confirmation within three (3) Local Business Days of receipt thereof, the terms of such Confirmation shall be deemed correct and accepted absent manifest error, unless a corrected Confirmation is sent by Party A, within such three-day period, in which case Party B shall have two (2) Local Business Days after receipt thereof to object to the terms contained in such corrected Confirmation.

(i) ***Only ECPs Can Be Guarantors.*** Notwithstanding anything to the contrary in this Agreement or in any credit agreement or guaranty, no person providing a guaranty of any obligation of Party B under this Agreement (each such person, a "Guarantor") shall be deemed to be a guarantor of, or to have granted a security interest to secure any guaranty by Guarantor of, any Swap Obligation (as defined below) if such Guarantor is not an "Eligible Contract Participant" as defined in the Commodity Exchange Act and the applicable rules and regulations issued by the Commodity Futures Trading Commission and/or the Securities and Exchange Commission (collectively, and as now or hereafter in effect, "the ECP Rules") at the time Party B entered into any applicable Transaction (each such Swap Obligation, an "Excluded Swap Obligation"), but solely to the extent that the providing of such guaranty by such Guarantor, or grant of a security interest to secure any guaranty by Guarantor, of any Swap Obligation by such Guarantor would violate the ECP Rules or other applicable law or regulation. Except as expressly set forth in the preceding sentence, nothing in this Agreement shall be deemed to restrict, reduce or waive any obligation of any such Guarantor under any guaranty or other Credit Support Document, and such guaranty or other Credit Support Document shall continue to guarantee, or grant a security interest to secure, as applicable, in accordance with its terms, each Swap Obligation that is not an Excluded Swap Obligation.

The term "**Swap Obligation**" means any obligation of any person to pay or perform under any Transaction that constitutes a "swap" as defined in the Commodity Exchange Act.

(j) ***USA PATRIOT Act Notice.*** Party A hereby notifies Party B that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Party B, which information includes the name and address of Party B and other information that will allow Party A to identify Party B in accordance with the Act.

(k) ***The 1998 FX and Currency Option Definitions.*** Unless the parties expressly agree otherwise in the Confirmation, any Confirmation made by the parties in relation to a transaction which is an FX Transaction or a Currency Option Transaction as defined in the 1998 FX and Currency Option Definitions published by ISDA, the Emerging Markets Traders Association and the Foreign Exchange Committee (the "FX and Currency Option Definitions") will be deemed to incorporate the FX and Currency Option Definitions.

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorized officers as of the date hereof:

CITIZENS BANK OF PENNSYLVANIA		**LKQ CORPORATION**	
By:	/s/ MICHAEL T. LIBERATORE	By:	/s/ JOHN S. QUINN
Name:	Michael T. Liberatore	Name:	John S. Quinn
Title:	VP	Title:	Executive Vice President & C.F.O.
Date:	10/30/13	Date:	October 4, 2013

ISDA

International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of **September 18, 2013**

RBS CITIZENS, N.A. and **LKQ CORPORATION**

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement".

Accordingly, the parties agree as follows:?

1. Interpretation

(a) ***Definitions***. The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement.

(b) ***Inconsistency***. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.

(c) ***Single Agreement.*** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) ***General Conditions.***

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) ***Change of Account***. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) ***Netting of Payments.*** If on any date amounts would otherwise be payable:?

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) ***Deduction or Withholding for Tax.***

(i) ***Gross-Up.*** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:?

(1) promptly notify the other party ("Y") of such requirement;

(2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;

(3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:?

(A) the failure by Y to comply with or perform any agreement contained in Section 4 (a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) ***Liability.*** If:?

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a) (i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) ***Basic Representations.***

(i) ***Status.*** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) ***Powers.*** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) ***No Violation or Conflict.*** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) ***Consents.*** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) ***Obligations Binding.*** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) ***Absence of Certain Events.*** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ***Absence of Litigation.*** There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ***Accuracy of Specified Information.*** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) ***Payer Tax Representation.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) ***Payee Tax Representations.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

(g) ***No Agency.*** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:?

(a) ***Furnish Specified Information.*** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:?

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) ***Maintain Authorisations.*** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) ***Comply With Laws.*** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) ***Tax Agreement.*** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) ***Payment of Stamp Tax.*** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction"), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) ***Events of Default.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an "Event of Default") with respect to such party:?

(i) ***Failure to Pay or Deliver.*** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;

(ii) ***Breach of Agreement; Repudiation of Agreement.***

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) ***Misrepresentation***. A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default Under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) ***Cross-Default.*** If "Cross-Default" is specified in the Schedule as applying to the party, the occurrence or existence of:?

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) ***Bankruptcy.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:?

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) ***Termination Events.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:?

(i) ***Illegality.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):?

(1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) ***Force Majeure Event.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:?

(1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) ***Tax Event.*** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) ***Tax Event Upon Merger.*** The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) ***Credit Event Upon Merger.*** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:?

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the

date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) ***Additional Termination Event.*** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) ***Hierarchy of Events.***

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5 (a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) ***Deferral of Payments and Deliveries During Waiting Period.*** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:?

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) ***Inability of Head or Home Office to Perform Obligations of Branch.*** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i)or 5(a)(iii)(1) with respect to such party, then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) ***Right to Terminate Following Event of Default.*** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) ***Transfer to Avoid Termination Event.*** If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) ***Two Affected Parties.*** If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

(iv) ***Right to Terminate.***

(1) If:?

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:?

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).

(d) ***Calculations; Payment Date***.

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) ***Payment Date.*** An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) ***Termination Events.*** If the Early Termination Date results from a Termination Event:?

(1) *One Affected Party.* Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) *Two Affected Parties.* Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

(3) *Mid-Market Events*. If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:?

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) ***Adjustment for Bankruptcy.*** In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) ***Adjustment for Illegality or Force Majeure Event.*** The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) ***Pre-Estimate.*** The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) ***Set-Off.*** Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:?

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) ***Payment in the Contractual Currency.*** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) ***Judgments.*** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using

commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) ***Separate Indemnities.*** To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) ***Evidence of Loss.*** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) ***Entire Agreement.*** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) ***Amendments.*** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) ***Survival of Obligations.*** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) ***Remedies Cumulative.*** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) ***Counterparts and Confirmations***.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) ***No Waiver of Rights.*** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) ***Headings.*** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) ***Interest and Compensation.***

(i) Prior to Early Termination. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:?

(1) *Interest on Defaulted Payments.* If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) *Compensation for Defaulted Deliveries.* If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) *Interest on Deferred Payments*. If:?

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5 (d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event

continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) *Compensation for Deferred Deliveries.* If:?

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) ***Early Termination.*** Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:?

(1) *Unpaid Amounts.* For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) *Interest on Early Termination Amounts.* If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) ***Interest Calculation.*** Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) ***Effectiveness.*** Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:?

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;

(v) if sent by electronic messaging system, on the date it is received; or

(vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

(b) ***Change of Details.*** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) ***Jurisdiction.*** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:?

(i) submits:?

(1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

(2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

(iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(c) ***Service of Process.*** Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

(d) ***Waiver of Immunities.*** Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:?

"Additional Representation" has the meaning specified in Section 3.

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning specified in Section 1(c).

"Applicable Close-out Rate" means:?

(a) in respect of the determination of an Unpaid Amount:?

(i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;

(iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and

(iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:?

(i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:?

(1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;

(2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and

(3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:?

(1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;

(2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;

(3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and

(4) in all other cases, the Termination Rate.

"Applicable Deferral Rate" means:?

(a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;

(b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and

(c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

"Automatic Early Termination" has the meaning specified in Section 6(a).

"Burdened Party" has the meaning specified in Section 5(b)(iv).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

"Close-out Amount" means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in

Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information: ?

(i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;

(ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or

(iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party's Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:?

(1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and

(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

"Confirmation" has the meaning specified in the preamble.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Contractual Currency" has the meaning specified in Section 8(a).

"Convention Court" means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Cross-Default" means the event specified in Section 5(a)(vi).

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Designated Event" has the meaning specified in Section 5(b)(v).

"Determining Party" means the party determining a Close-out Amount.

"Early Termination Amount" has the meaning specified in Section 6(e).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"electronic messages" does not include e-mails but does include documents expressed in markup languages, and ***"electronic messaging system"*** will be construed accordingly.

"English law" means the law of England and Wales, and ***"English"*** will be construed accordingly.

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Force Majeure Event" has the meaning specified in Section 5(b).

"General Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and ***"unlawful"*** will be construed accordingly.

"Local Business Day" means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

"Local Delivery Day" means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

"Master Agreement" has the meaning specified in the preamble.

"Merger Without Assumption" means the event specified in Section 5(a)(viii).

"Multiple Transaction Payment Netting" has the meaning specified in Section 2(c).

"Non-affected Party" means, so long as there is only one Affected Party, the other party.

"Non-default Rate" means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Other Amounts" has the meaning specified in Section 6(f).

"Payee" has the meaning specified in Section 6(f).

"Payer" has the meaning specified in Section 6(f).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Proceedings" has the meaning specified in Section 13(b).

"Process Agent" has the meaning specified in the Schedule.

"rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Schedule" has the meaning specified in the preamble.

"Scheduled Settlement Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Stamp Tax Jurisdiction" has the meaning specified in Section 4(e).

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

"Termination Currency" means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Threshold Amount" means the amount, if any, specified as such in the Schedule.

"Transaction" has the meaning specified in the preamble.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5 (d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other

compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

"Waiting Period" means:?

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

RBS CITIZENS, N.A.		**LKQ CORPORATION**	
By:	/s/ MICHAEL T. LIBERATORE	By:	/s/ JOHN S. QUINN
Name:	Michael T. Liberatore	Name:	John S. Quinn
Title:	VP	Title:	Executive Vice President & C.F.O.

ISDA

International Swaps and Derivatives Association, Inc.

SCHEDULE
to the
2002 Master Agreement

dated as of **September 18, 2013**

between

RBS CITIZENS, N.A.,

a national bank organized under the laws of the United States

of America,

("Party A")

and

LKQ CORPORATION,
a corporation organized and existing under the laws of Delaware,

("Party B")

Part 1
Termination Provisions

(a) **"*Specified Entity*"** means in relation to Party A for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none;

"*Specified Entity*" means in relation to Party B for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none.

(b) **"*Specified Transaction*"** will have the meaning specified in Section 14 but shall also include any transaction with respect to margin loans, cash loans and short sales of any financial instrument, and as amended by inserting the words, "or Citizens Bank of Pennsylvania" immediately after "Agreement" in the second line thereof.

(c) The **"*Cross-Default*"** provisions of Section 5(a)(vi):
will apply to Party A
and will apply to Party B.

In connection therewith, **"*Specified Indebtedness*"** will not have the meaning specified in Section 14, and such definition shall be replaced by the following: "any obligation in respect of the payment or repayment of moneys (whether present or future, contingent or otherwise, as principal or surety or otherwise), including, but without limitation, any obligation in respect of borrowed money except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business."

"*Threshold Amount*" means with respect to Party A an amount equal to three percent (3%) of the stockholders' equity (however described) of RBS Citizens Financial Group, Inc. as shown on the most recent annual audited financial statements of RBS Citizens Financial Group, Inc. and with respect to Party B, $75,000,000.

"*Credit Agreement*" means the Second 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, among LKQ Corporation and LKQ Delaware LLP, the Subsidiary Borrowers from time to time party thereto, the Lenders party thereto from time to time, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and RBS Citizens, N.A, as Co-Documentation Agents, as amended, extended, supplemented, restated or otherwise modified in writing from time to time.

(d) The **"*Credit Event Upon Merger*"** provisions of Section 5(b)(v):
will apply to Party A
will apply to Party B

(e) The **"*Automatic Early Termination*"** provision of Section 6(a):
will not apply to Party A
will not apply to Party B.

(f) **"*Termination Currency*"** means United States Dollars.

(g) ***Additional Termination Event*** will apply.

It shall be an Additional Termination Event hereunder, with respect to which Party B shall be the sole Affected Party, if (1) an Event of Default (as defined in the Credit Agreement) occurs under the Credit Agreement, or if (2) the Credit Agreement shall be paid or prepaid in full, expire, terminate, or otherwise cease to be in full effect.

Part 2
Tax Representations

(a) ***Payer Tax Representations.*** For the purpose of Section 3(e) of this Agreement, Party A and Party B will make the following representation:-

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, except that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) ***Payee Tax Representations.*** For the purpose of Section 3(f) of this Agreement, Party A and Party B will make the following representations specified below, if any:-

(i) The following representations will apply to Party A:

Party A is a national bank organized under the laws of the United States of America, is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal income tax purposes, and its U.S. tax identification number is 20-2635739.

(ii) The following representations will apply to Party B:

Party B is a corporation created or organized under the laws of the State of Delaware and the federal taxpayer identification number is 36-4215970.

Part 3
Agreement to Deliver Documents

For the purpose of Section 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents:

(a) Tax forms, documents or certificates to be delivered are:

Party required to deliver document	Document	Date by which to be delivered
Party B	Internal Revenue Service Form W-9	Upon execution and delivery of this Agreement

(b) Other documents to be delivered are:-

Party required to deliver document	**Form/Document/Certificate**	**Date by which to be delivered**	**Covered by Section 3(d) Representation**
Party A and Party B	Certified copies of all corporate, partnership or membership authorizations, as the case may be, and any other documents with respect to the execution, delivery and performance of this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement	Yes
Party A and Party B	Certificate of authority and specimen signatures of individuals executing this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement and thereafter upon request of the other party	Yes
Party A	Annual Report of RBS Citizens Financial Group, Inc. containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party is organized	Upon request, provided however that publication of such financial statements on RBS Citizens Financial Group, Inc.'s website shall constitute delivery for purposes of this provision, to the extent accessible to Party A.	Yes
Party B	Annual Report of Party B and of any Credit Support Provider thereof containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 90 days after the end of each fiscal year of Party B and of the Credit Support Provider	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party B	Quarterly Financial Statements of Party B and any Credit Support Provider thereof containing unaudited, consolidated financial statements of such party's fiscal quarter prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 45 days after the end of each fiscal quarter of Party B and of the Credit Support Provider	Yes

Part 4
Miscellaneous

(a) ***Address for Notices.*** For the purpose of Section 12(a) of this Agreement:-

Address for notice or communications to Party A:

Address: RBS Citizens, N.A.
One Citizens Plaza
Providence, RI 02903

Attention: Treasury Operations

Telephone No.: (401) 282-7250
Facsimile No.: (401) 282-7718

with a copy to:

Address: RBS Citizens, N.A.
28 State Street
Boston, MA 02109

Attention: Legal Department

Telephone No.: (617) 725-5813
Facsimile No.: (617) 725-5620

Address for notice or communications to Party B:

Address:	LKQ Corporation 500 West Madison Street, Suite 2800 Chicago, IL 60661 Attention: Jack B. Brooks
Telephone No.:	312/621-2774
Facsimile No.:	866/669-2811
Email Address:	jbbrooks@lkqcorp.com

with a copy to:

Address:	LKQ Corporation 500 West Madison Street, Suite 2800 Chicago, IL 60661 Attention: Victor Casini
Telephone No.:	312/621-2754
Facsimile No.:	312/280-3730
Email Address:	victorcasini@lkqccorp.com

(b) ***Process Agent.*** For the purpose of Section 13(c):

Party A appoints as its Process Agent: Not applicable.
Party B appoints as its Process Agent: Not applicable.

(c) ***Offices.*** The provisions of Section 10(a) will apply to this Agreement.

(d) ***Multibranch Party.*** For the purpose of Section 10(b) of this Agreement:-

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) ***Calculation Agent.*** The Calculation Agent is Party A.

(f) ***Credit Support Document.*** Details of any Credit Support Document:-

Each of the following, as amended, extended, supplemented or otherwise modified in writing from time to time, is a "Credit Support Document":

In relation to Party B, the Credit Agreement, and the Security Documents, or the Collateral Documents, as the case may be, as defined in the Credit Agreement.

Party B agrees that the security interests in collateral granted to Party A or an Affiliate of Party A by Party B and any Credit Support Provider under the foregoing Credit Support Documents shall secure the obligations of Party B to Party A under this Agreement.

(g) ***Credit Support Provider.***

Credit Support Provider means in relation to party A: Not applicable.

Credit Support Provider means in relation to Party B: Subsidiary Borrowers and Subsidiary Guarantors, each as defined in the Credit Agreement, excluding, however, any Subsidiary, as defined in the Credit Agreement, that would become an Affected Foreign Subsidiary, as defined in the Credit Agreement, if it guaranteed or became liable for, or granted any security interests to secure, the obligations under this Agreement or any Transaction and excluding any Subsidiary that is not an "Eligible Contract Participant" as such term is defined in the U.S. Commodity Exchange Act, as amended.

(h) ***Governing Law.*** This Agreement and any and all controversies arising out of or in relation to this Agreement shall be governed by and construed in accordance with the laws of the State of New York (without reference to its conflict of laws doctrine).

(i) ***Netting of Payments.*** Unless the parties otherwise so agree, Section 2(c)(ii) of this Agreement shall apply.

(j) ***"Affiliate"*** will have the meaning specified in Section 14 of this Agreement.

(k) ***Absence of Litigation.*** For the purpose of Section 3(c):-

"Specified Entity" means in relation to Party A, none;
"Specified Entity" means in relation to Party B, none.

(l) ***No Agency.*** The provisions of Section 3(g) will apply to this Agreement.

(m) ***Additional Representation*** will apply. For the purpose of Section 3 of this Agreement, each of the following will constitute an Additional Representation:-

(i) ***Relationship Between Parties.*** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

(1) ***Non-Reliance.*** It is acting for its own account, and, it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as

investment advice or as a recommendation to enter into that Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(2) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(3) ***Status of Parties.*** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

(ii) Each party makes the representations below (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into):

(1) ***Eligible Contract Participant.*** Each party will be deemed to represent to the other party on each date on which a Transaction is entered into that it is an "eligible contract participant" and that each guarantor of its Swap Obligations (as defined below), if any, is an "eligible contract participant," as such term is defined in the U.S. Commodity Exchange Act, as amended. For purposes of this provision, "Swap Obligation" means an obligation incurred with respect to a transaction that is a "swap" as defined in the Section 1a(47) of the Commodity Exchange Act and CFTC Regulation 1.3(xxx)**.**

(2) ***Line of Business***. It has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business. It represents and warrants that all transactions effected under this Agreement (a) will be appropriate in the conduct and management of its business, (b) will be entered into for non-speculative purposes, and (c) as to Party B, Party B represents that all Transactions effected under this Agreement constitute transactions entered into for purposes of hedging or managing risks related to its assets or liabilities as currently owned or incurred, or likely to be owned or incurred in the conduct of its business.

(n) ***Recording of Conversations.*** Each party to this Agreement acknowledges and agrees to the recording of conversations between trading and marketing personnel of the parties to this Agreement whether by one or other or both of the parties or their agents.

Part 5
Other Provisions

(a) ***Financial Statements.*** Section 3(d) is hereby amended by adding in the third line thereof after the word "respect" and before the period:

"or, in the case of financial statements, a fair presentation of the financial condition of the relevant party."

(b) ***2002 Master Agreement Protocol***. Annexes 1 to 18 and Section 6 of the ISDA 2002 Master Agreement Protocol as published by the International Swaps and Derivatives Association, Inc. on July 15, 2003 are incorporated into and apply to this Agreement. References in those definitions and provisions to any ISDA Master Agreement will be deemed to be references to this Master Agreement.

(c) ***WAIVER OF RIGHT TO TRIAL BY JURY.*** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY CREDIT SUPPORT DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(d) ***Method of Notice.*** Section 12(a)(ii) of the Master Agreement is deleted in its entirety.

(e) ***Safe Harbors.*** Each party to this Agreement acknowledges that:

(i) This Agreement, including any Credit Support Document, is a "master netting agreement" as defined in the U.S. Bankruptcy Code (the ***"Code"***), and a "netting contract" as defined in the netting provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 (***"FDICIA"***), and this Agreement, including any Credit Support Document, and each Transaction hereunder is of a type set forth in Section 561(a)(1)-(5) of the Code;

(ii) Party A is a "master netting agreement participant," a "financial institution," a "financial participant,"' a "forward contract merchant" and a "swap participant" as defined in the Code, and a "financial institution" as defined in the netting provisions of FDICIA;

(iii) The remedies provided herein, and in any Credit Support Document, are the remedies referred to in Section 561(a), Sections 362(b)(6), (7), (17) and (27), and Section 362 (o) of the Code, and in Section 11(e)(8)(A) and (C) of the Federal Deposit Insurance Act;

(iv) All transfers of cash, securities or other property under or in connection with this Agreement, any Credit Support Document or any Transaction hereunder are "margin payments," "settlement payments" and "transfers" under Sections 546(c), (f), (g) or (j), and under Section 548(d)(2) of the Code; and

(v) Each obligation under this Agreement, any Credit Support Document or any Transaction hereunder is an obligation to make a "margin payment," "settlement payment" and "payment" within the meaning of Sections 362, 560 and 561 of the Code.

(f) ***Hedge Agreement.*** Party B represents to Party A (which representation will be deemed to be repeated by Party B on each date on which a Transaction is entered into) that this Agreement is a Hedge Agreement as defined in the Credit Agreement.

(g) ***Withholding Tax Imposed on Payments to Non-U.S. Counterparties under the United States Foreign Account Tax Compliance Act.*** (a) For purposes of any Payer Tax Representation, the words "any Tax from any payment" shall not include any tax imposed under Sections 1471 and 1472 of the Internal Revenue Code of 1986, as amended (or the United States Treasury regulations or other guidance issued or any agreements entered into thereunder) ("FATCA Withholding Tax"); (b) for the avoidance of doubt the parties agree that for purposes of Section 2(d) of this Agreement the deduction or withholding of FATCA Withholding Tax is required by applicable law; and (c) the definition of "Indemnifiable Tax" shall not include any FATCA Withholding Tax.

(h) ***Confirmations.*** For each Transaction that Party A and Party B agree to enter into under this Agreement, Party A shall use reasonable efforts to promptly send to Party B a Confirmation setting forth the terms of such Transaction by facsimile or other electronic means. Unless Party B objects to the terms of a Transaction contained in any Confirmation within three (3) Local Business Days of receipt thereof, the terms of such Confirmation shall be deemed correct and accepted absent manifest error, unless a corrected Confirmation is sent by Party A, within such three-day period, in which case Party B shall have two (2) Local Business Days after receipt thereof to object to the terms contained in such corrected Confirmation.

(i) ***Only ECPs Can Be Guarantors.*** Notwithstanding anything to the contrary in this Agreement or in any credit agreement or guaranty, no person providing a guaranty of any obligation of Party B under this Agreement (each such person, a "Guarantor") shall be deemed to be a guarantor of, or to have granted a security interest to secure any guaranty by Guarantor of, any Swap Obligation (as defined below) if such Guarantor is not an "Eligible Contract Participant" as defined in the Commodity Exchange Act and the applicable rules and regulations issued by the Commodity Futures Trading Commission and/or the Securities and Exchange Commission (collectively, and as now or hereafter in effect, "the ECP Rules") at the time Party B entered into any applicable Transaction (each such Swap Obligation, an "Excluded Swap Obligation"), but solely to the extent that the providing of such guaranty by such Guarantor, or grant of a security interest to secure any guaranty by Guarantor, of any Swap Obligation by such Guarantor would violate the ECP Rules or other applicable law or regulation. Except as expressly set forth in the preceding sentence, nothing in this Agreement shall be deemed to restrict, reduce or waive any obligation of any such Guarantor under any guaranty or other Credit Support Document, and such guaranty or other Credit Support Document shall continue to guarantee, or grant a security interest to secure, as applicable, in accordance with its terms, each Swap Obligation that is not an Excluded Swap Obligation.

The term "**Swap Obligation**" means any obligation of any person to pay or perform under any Transaction that constitutes a "swap" as defined in the Commodity Exchange Act.

(j) ***USA PATRIOT Act Notice.*** Party A hereby notifies Party B that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Party B, which information includes the name and address of Party B and other information that will allow Party A to identify Party B in accordance with the Act.

(k) ***The 1998 FX and Currency Option Definitions.*** Unless the parties expressly agree otherwise in the Confirmation, any Confirmation made by the parties in relation to a transaction which is an FX Transaction or a Currency Option Transaction as defined in the 1998 FX and Currency Option Definitions published by ISDA, the Emerging Markets Traders Association and the Foreign Exchange Committee (the "FX and Currency Option Definitions") will be deemed to incorporate the FX and Currency Option Definitions.

(l) ***Amendment and Restatement.*** This Agreement amends and restates each Prior Agreement in its entirety with the effect that this Agreement shall be deemed to have replaced each Prior Agreement, (b) each Prior Agreement shall no longer be in effect, and (c) each outstanding transaction (however described) that was governed by any of the Prior Agreements shall be a Transaction under this Agreement whether or not evidenced by a confirmation (however described); provided however that each confirmation of a transaction under any Prior Agreement shall survive such amendment and restatement, shall be deemed a Confirmation under this Agreement, and if such confirmation refers to any Prior Agreement, shall be deemed to refer to this Agreement.

"Prior Agreement" means the ISDA Master Agreement dated July 12, 2011 between Party A and Party B.

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorized officers as of the date hereof:

RBS CITIZENS, N.A.		**LKQ CORPORATION**	
By:	/s/ MICHAEL T. LIBERATORE	By:	/s/ JOHN S. QUINN
Name:	Michael T. Liberatore	Name:	John S. Quinn
Title:	VP	Title:	Executive Vice President & C.F.O.
Date:	10/30/13	Date:	10/4/2013

ISDA

International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of **May 15, 2013**

FIFTH THIRD BANK,
an Ohio banking corporation ("Party A") and **LKQ CORPORATION,**
a Delaware corporation ("Party B")

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement".

Accordingly, the parties agree as follows:?

1. Interpretation

(a) ***Definitions***. The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement.

(b) ***Inconsistency***. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.

(c) ***Single Agreement.*** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) ***General Conditions.***

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) ***Change of Account***. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) ***Netting of Payments.*** If on any date amounts would otherwise be payable:?

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) ***Deduction or Withholding for Tax.***

(i) ***Gross-Up.*** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:?

(1) promptly notify the other party ("Y") of such requirement;

(2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;

(3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:?

(A) the failure by Y to comply with or perform any agreement contained in Section 4 (a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) ***Liability.*** If:?

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a) (i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) ***Basic Representations.***

(i) ***Status.*** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) ***Powers.*** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) ***No Violation or Conflict.*** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) ***Consents.*** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) ***Obligations Binding.*** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) ***Absence of Certain Events.*** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ***Absence of Litigation.*** There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ***Accuracy of Specified Information.*** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) ***Payer Tax Representation.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) ***Payee Tax Representations.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

(g) ***No Agency.*** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:?

(a) ***Furnish Specified Information.*** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:?

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) ***Maintain Authorisations.*** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) ***Comply With Laws.*** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) ***Tax Agreement.*** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) ***Payment of Stamp Tax.*** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction"), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) ***Events of Default.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an "Event of Default") with respect to such party:?

(i) ***Failure to Pay or Deliver.*** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;

(ii) ***Breach of Agreement; Repudiation of Agreement.***

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) ***Misrepresentation***. A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default Under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) ***Cross-Default.*** If "Cross-Default" is specified in the Schedule as applying to the party, the occurrence or existence of:?

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) ***Bankruptcy.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:?

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment or an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider or such party consolidates or amalgamates with, or merges with or into, or transfers all substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:?

(1) the resulting, surviving or transferee entity to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by resulting, surviving or transferee entity of its obligations under this Agreement.

(b) ***Termination Events.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5 (c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified pursuant to clause (iv) below, and , if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below, or an Additional Termination Event if the event is specified pursuant to clause (vi) below:?

(i) ***Illegality.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):?

(1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) ***Force Majeure Event.*** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:?

(1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) ***Tax Event.*** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) ***Tax Event Upon Merger.*** The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) ***Credit Event Upon Merger.*** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:?

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the

date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) ***Additional Termination Event.*** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) ***Hierarchy of Events.***

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5 (a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) ***Deferral of Payments and Deliveries During Waiting Period.*** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:?

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) ***Inability of Head or Home Office to Perform Obligations of Branch.*** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i)or 5(a)(iii)(1) with respect to such party, then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) ***Right to Terminate Following Event of Default.*** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) ***Transfer to Avoid Termination Event.*** If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) ***Two Affected Parties.*** If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

(iv) ***Right to Terminate.***

(1) If:?

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:?

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).

(d) ***Calculations; Payment Date***.

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) ***Payment Date.*** An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) ***Termination Events.*** If the Early Termination Date results from a Termination Event:?

(1) *One Affected Party.* Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) *Two Affected Parties.* Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

(3) *Mid-Market Events*. If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:?

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) ***Adjustment for Bankruptcy.*** In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) ***Adjustment for Illegality or Force Majeure Event.*** The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) ***Pre-Estimate.*** The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) ***Set-Off.*** Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:?

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) ***Payment in the Contractual Currency.*** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) ***Judgments.*** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using

commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) ***Separate Indemnities.*** To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) ***Evidence of Loss.*** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) ***Entire Agreement.*** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) ***Amendments.*** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) ***Survival of Obligations.*** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) ***Remedies Cumulative.*** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) ***Counterparts and Confirmations***.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) ***No Waiver of Rights.*** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) ***Headings.*** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) ***Interest and Compensation.***

(i) Prior to Early Termination. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:?

(1) *Interest on Defaulted Payments.* If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) *Compensation for Defaulted Deliveries.* If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) *Interest on Deferred Payments*. If:?

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5 (d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event

continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) *Compensation for Deferred Deliveries.* If:?

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) ***Early Termination.*** Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:?

(1) *Unpaid Amounts.* For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) *Interest on Early Termination Amounts.* If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) ***Interest Calculation.*** Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) ***Effectiveness.*** Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:?

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;

(v) if sent by electronic messaging system, on the date it is received; or

(vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

(b) ***Change of Details.*** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) ***Jurisdiction.*** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:?

(i) submits:?

(1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

(2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

(iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(c) ***Service of Process.*** Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

(d) ***Waiver of Immunities.*** Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:?

"Additional Representation" has the meaning specified in Section 3.

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning specified in Section 1(c).

"Applicable Close-out Rate" means:?

(a) in respect of the determination of an Unpaid Amount:?

(i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;

(iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and

(iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:?

(i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:?

(1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;

(2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and

(3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:?

(1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;

(2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;

(3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and

(4) in all other cases, the Termination Rate.

"Applicable Deferral Rate" means:?

(a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;

(b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and

(c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

"Automatic Early Termination" has the meaning specified in Section 6(a).

"Burdened Party" has the meaning specified in Section 5(b)(iv).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

"Close-out Amount" means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in

Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information: ?

(i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;

(ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or

(iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party's Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:?

(1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and

(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

"Confirmation" has the meaning specified in the preamble.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Contractual Currency" has the meaning specified in Section 8(a).

"Convention Court" means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Cross-Default" means the event specified in Section 5(a)(vi).

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Designated Event" has the meaning specified in Section 5(b)(v).

"Determining Party" means the party determining a Close-out Amount.

"Early Termination Amount" has the meaning specified in Section 6(e).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"electronic messages" does not include e-mails but does include documents expressed in markup languages, and ***"electronic messaging system"*** will be construed accordingly.

"English law" means the law of England and Wales, and ***"English"*** will be construed accordingly.

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Force Majeure Event" has the meaning specified in Section 5(b).

"General Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and ***"unlawful"*** will be construed accordingly.

"Local Business Day" means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

"Local Delivery Day" means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

"Master Agreement" has the meaning specified in the preamble.

"Merger Without Assumption" means the event specified in Section 5(a)(viii).

"Multiple Transaction Payment Netting" has the meaning specified in Section 2(c).

"Non-affected Party" means, so long as there is only one Affected Party, the other party.

"Non-default Rate" means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Other Amounts" has the meaning specified in Section 6(f).

"Payee" has the meaning specified in Section 6(f).

"Payer" has the meaning specified in Section 6(f).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Proceedings" has the meaning specified in Section 13(b).

"Process Agent" has the meaning specified in the Schedule.

"rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Schedule" has the meaning specified in the preamble.

"Scheduled Settlement Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Stamp Tax Jurisdiction" has the meaning specified in Section 4(e).

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

"Termination Currency" means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Threshold Amount" means the amount, if any, specified as such in the Schedule.

"Transaction" has the meaning specified in the preamble.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5 (d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other

compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

"Waiting Period" means:?

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

	FIFTH THIRD BANK		**LKQ CORPORATION**
	(Name of Party)		(Name of Party)
By:	/s/ DONALD ZELLER	By:	/s/ JOHN S. QUINN
Name:	Donald Zeller	Name:	John S. Quinn
Title:	AVP	Title:	Executive Vice President & C.F.O.
Date:		Date:	

ISDA

International Swaps and Derivatives Association, Inc.

SCHEDULE

to the

2002 Master Agreement

dated as of May 15, 2013

between

FIFTH THIRD BANK,

an Ohio banking corporation,

("Party A")

and

LKQ CORPORATION,

a corporation organized and existing under the laws of Delaware,

("Party B")

Part 1
Termination Provisions

(a) **"*Specified Entity*"** means in relation to Party A for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none;
"*Specified Entity*" means in relation to Party B for the purpose of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(v): none.

(b) **"*Specified Transaction*"** will have the meaning specified in Section 14 but shall also include any transaction with respect to margin loans, cash loans and short sales of any financial instrument, and as amended by inserting the words, "or any Affiliate of Party A" immediately after "Agreement" in the second line thereof.

(c) The **"*Cross-Default*"** provisions of Section 5(a)(vi):
will apply to Party A
and will apply to Party B.

In connection therewith, **"*Specified Indebtedness*"** will not have the meaning specified in Section 14, and such definition shall be replaced by the following: "any obligation in respect of the payment or repayment of moneys (whether present or future, contingent or otherwise, as principal or surety or otherwise), including, but without limitation, any obligation in respect of borrowed money except that such term shall not include

obligations in respect of deposits received in the ordinary course of a party's banking business."

"*Threshold Amount*" means with respect to Party A an amount equal to three percent (3%) of the Shareholders' Equity of Fifth Third Bancorp ("FTB") and with respect to Party B, $75,000,000.

"*Credit Agreement*" means the Second 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, among LKQ Corporation and LKQ Delaware LLP, the Subsidiary Borrowers from time to time party thereto, the Lenders party thereto from time to time, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and RBS Citizens, N.A, as Co-Documentation Agents, as amended, extended, supplemented, restated or otherwise modified in writing from time to time.

"*Shareholders' Equity*" means with respect to an entity, at any time, the sum (as shown in the most recent annual audited financial statements of such entity) of (i) its capital stock (including preferred stock) outstanding, taken at par value, (ii) its capital surplus and (iii) its retained earnings, minus (iv) treasury stock, each to be determined in accordance with generally accepted accounting principles.

(d) The **"*Credit Event Upon Merger*"** provisions of Section 5(b)(v):
will apply to Party A
will apply to Party B

(e) The **"*Automatic Early Termination*"** provision of Section 6(a):
will not apply to Party A
will not apply to Party B.

(f) **"*Termination Currency*"** means United States Dollars.

(g) ***Additional Termination Event*** will apply.

It shall be an Additional Termination Event hereunder, with respect to which Party B shall be the sole Affected Party, if (1) an Event of Default (as defined in the Credit Agreement) occurs under the Credit Agreement, or if (2) the Credit Agreement shall be paid or prepaid in full, expire, terminate, or otherwise cease to be in full effect.

Part 2
Tax Representations

(a) ***Payer Tax Representations*.** For the purpose of Section 3(e) of this Agreement, Party A and Party B will make the following representation:-

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under

Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section

3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, except that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) ***Payee Tax Representations.*** For the purpose of Section 3(f) of this Agreement, Party A and Party B will make the following representations specified below, if any:-

(i) The following representations will apply to Party A:

Party A is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal income tax purposes, and its U.S. tax identification number is 31-0676865.

(ii) The following representations will apply to Party B:

Party B is a corporation created or organized under the laws of the State of Delaware and the federal taxpayer identification number is 36-4215970.

Part 3
Agreement to Deliver Documents

For the purpose of Section 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents:

(a) Tax forms, documents or certificates to be delivered are:

Party required to deliver document	**Document**	**Date by which to be delivered**
Party B	Internal Revenue Service Form W-9	Upon execution and delivery of this Agreement

(b) Other documents to be delivered are:-

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party A and Party B	Certified copies of all corporate, partnership or membership authorizations, as the case may be, and any other documents with respect to the execution, delivery and performance of this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement	Yes
Party A and Party B	Certificate of authority and specimen signatures of individuals executing this Agreement and any Credit Support Document	Upon execution and delivery of this Agreement and thereafter upon request of the other party	Yes
Party A	Annual Report of FTB containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party is organized	To be made available on www.53.com as soon as available and in any event within 90 days after the end of each fiscal year of Party A	Yes
Party A	Quarterly Financial Statements of FTB containing unaudited, consolidated financial statements of such party's fiscal quarter prepared in accordance with generally accepted accounting principles in the country in which such party is organized	To be made available on www.53.com as soon as available and in any event within 45 days after the end of each fiscal quarter of Party A	Yes
Party B	Annual Report of Party B and of any Credit Support Provider thereof containing audited, consolidated financial statements certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 90 days after the end of each fiscal year of Party B and of the Credit Support Provider	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party B	Quarterly Financial Statements of Party B and any Credit Support Provider thereof containing unaudited, consolidated financial statements of such party's fiscal quarter prepared in accordance with generally accepted accounting principles in the country in which such party and such Credit Support Provider is organized	To be made available on www.lkqcorp.com as soon as available and in any event within 45 days after the end of each fiscal quarter of Party B and of the Credit Support Provider	Yes

Part 4
Miscellaneous

(a) ***Address for Notices.*** For the purpose of Section 12(a) of this Agreement:-

Address for notice or communications to Party A:

Address: Fifth Third Bank
38 Fountain Square Plaza
Cincinnati, Ohio 45202
Attention: Treasury Department - MD1090QA

Telephone No.: 513/579-6031
Facsimile No.: 513/534-1894

with a copy to:

Address: Fifth Third Bank
38 Fountain Square Plaza
Cincinnati, Ohio 45202
Attention: Legal Department - MD10AT76

Telephone No.: 513/534-4500
Facsimile No.: 513/534-6757

Address for notice or communications to Party B:

Address: LKQ Corporation
500 West Madison Street, Suite 2800
Chicago, IL 60661
Attention: Jack B. Brooks

Telephone No.: 312/621-2774
Facsimile No.: 866/669-2811
Email Address: jbbrooks@lkqcorp.com

with a copy to:

Address:	LKQ Corporation 500 West Madison Street, Suite 2800 Chicago, IL 60661 Attention: Victor Casini
Telephone No.:	312/621-2754
Facsimile No.:	312/280-3730
Email Address:	victorcasini@lkqccorp.com

(b) ***Process Agent.*** For the purpose of Section 13(c):

Party A appoints as its Process Agent: Not applicable.
Party B appoints as its Process Agent: Not applicable.

(c) ***Offices.*** The provisions of Section 10(a) will apply to this Agreement.

(d) ***Multibranch Party.*** For the purpose of Section 10(b) of this Agreement:-

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) ***Calculation Agent.*** The Calculation Agent is Party A.

(f) ***Credit Support Document.*** Details of any Credit Support Document:-

Each of the following, as amended, extended, supplemented or otherwise modified in writing from time to time, is a "Credit Support Document":

In relation to Party B, the Credit Agreement, and the Security Documents, or the Collateral Documents, as the case may be, as defined in the Credit Agreement.

Party B agrees that the security interests in collateral granted to Party A under the foregoing Credit Support Documents shall secure the obligations of Party B to Party A under this Agreement.

(g) ***Credit Support Provider.***
Credit Support Provider means in relation to party A: Not applicable.

Credit Support Provider means in relation to Party B: Subsidiary Borrowers and Subsidiary Guarantors, each as defined in the Credit Agreement, excluding, however, any Subsidiary, as defined in the Credit Agreement, that would become an Affected Foreign Subsidiary, as defined in the Credit Agreement, if it guaranteed or became liable for, or granted any security interests to secure, the obligations under this Agreement or any Transaction.

(h) ***Governing Law.*** This Agreement and any and all controversies arising out of or in relation to this Agreement shall be governed by and construed in accordance with the laws of the State of New York (without reference to its conflict of laws doctrine).

(i) ***Netting of Payments.*** Section 2(c)(ii) of this Agreement shall apply; provided that either party may cause payments due on the same day in the same currency (between the same Offices) but under different Transactions to be discharged and replaced with a single, netted payment obligation by providing the other party with a written statement detailing the calculation of such net amount payable not later than two Business Days prior to the relevant due date.

(j) ***"Affiliate"*** will have the meaning specified in Section 14 of this Agreement.

(k) ***Absence of Litigation.*** For the purpose of Section 3(c):-

"Specified Entity" means in relation to Party A, none;
"Specified Entity" means in relation to Party B, none.

(l) ***No Agency.*** The provisions of Section 3(g) will apply to this Agreement.

(m) ***Additional Representation*** will apply. For the purpose of Section 3 of this Agreement, each of the following will constitute an Additional Representation:-

(i) ***Relationship Between Parties.*** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

(1) ***Non-Reliance.*** It is acting for its own account, and, it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(2) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(3) ***Status of Parties.*** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

(ii) Each party makes the representations below (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into):

(1) ***Eligible Contract Participant.*** It is an "eligible contract participant" as defined in the U.S. Commodity Exchange Act.

(2) ***Line of Business***. It has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business. It represents and warrants that all transactions effected under this Agreement (a) will be appropriate in the conduct and management of its business, (b) will be entered into for non-speculative purposes, and (c) as to Party B, Party B represents that all Transactions effected under this Agreement constitute transactions entered into for purposes of hedging or managing risks related to its assets or liabilities as currently owned or incurred, or likely to be owned or incurred in the conduct of its business.

(n) ***Recording of Conversations.*** Each party to this Agreement acknowledges and agrees to the recording of conversations between trading and marketing personnel of the parties to this Agreement whether by one or other or both of the parties or their agents.

Part 5
Other Provisions

(a) ***Financial Statements.*** Section 3(d) is hereby amended by adding in the third line thereof after the word "respect" and before the period:

"or, in the case of financial statements, a fair presentation of the financial condition of the relevant party."

(b) ***2002 Master Agreement Protocol***. Annexes 1 to 18 and Section 6 of the ISDA 2002 Master Agreement Protocol as published by the International Swaps and Derivatives Association, Inc. on July 15, 2003 are incorporated into and apply to this Agreement. References in those definitions and provisions to any ISDA Master Agreement will be deemed to be references to this Master Agreement.

(c) ***WAIVER OF RIGHT TO TRIAL BY JURY.*** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY CREDIT SUPPORT DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(d) ***Method of Notice.*** Section 12(a)(ii) of the Master Agreement is deleted in its entirety.

(e) ***Safe Harbors.*** Each party to this Agreement acknowledges that:

(i) This Agreement, including any Credit Support Document, is a "master netting agreement" as defined in the U.S. Bankruptcy Code (the ***"Code"***), and a "netting contract" as defined in the netting provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 (***"FDICIA"***), and this Agreement, including any Credit Support Document, and each Transaction hereunder is of a type set forth in Section 561(a)(1)-(5) of the Code;

(ii) Party A is a "master netting agreement participant," a "financial institution," a "financial participant,"' a "forward contract merchant" and a "swap participant" as defined in the Code, and a "financial institution" as defined in the netting provisions of FDICIA;

(iii) The remedies provided herein, and in any Credit Support Document, are the remedies referred to in Section 561(a), Sections 362(b)(6), (7), (17) and (27), and Section 362(o) of the Code, and in Section 11(e)(8)(A) and (C) of the Federal Deposit Insurance Act;

(iv) All transfers of cash, securities or other property under or in connection with this Agreement, any Credit Support Document or any Transaction hereunder are "margin payments," "settlement payments" and "transfers" under Sections 546(c), (f), (g) or (j), and under Section 548(d)(2) of the Code; and

(v) Each obligation under this Agreement, any Credit Support Document or any Transaction hereunder is an obligation to make a "margin payment," "settlement payment" and "payment" within the meaning of Sections 362, 560 and 561 of the Code.

(f) ***Hedge Agreement.*** Party B represents to Party A (which representation will be deemed to be repeated by Party B on each date on which a Transaction is entered into) that this Agreement is a Hedge Agreement as defined in the Credit Agreement.

(g) ***Withholding Tax Imposed on Payments to Non-U.S. Counterparties under the United States Foreign Account Tax Compliance Act***. (a) For purposes of any Payer Tax Representation, the words "any Tax from any payment" shall not include any tax imposed under Sections 1471 and 1472 of the Internal Revenue Code of 1986, as amended (or the United States Treasury regulations or other guidance issued or any agreements entered into thereunder) ("FATCA Withholding Tax"); (b) for the avoidance of doubt the parties agree that for purposes of Section 2(d) of this Agreement the deduction or withholding of FATCA Withholding Tax is required by applicable law; and (c) the definition of "Indemnifiable Tax" shall not include any FATCA Withholding Tax.

(h) ***Confirmations.*** For each Transaction that Party A and Party B agree to enter into under this Agreement, Party A shall use reasonable efforts to promptly send to Party B a Confirmation setting forth the terms of such Transaction by facsimile or other electronic means. Unless Party B objects to the terms of a Transaction contained in any Confirmation within three (3) Local Business Days of receipt thereof, the terms of such Confirmation shall be deemed correct and accepted absent manifest error, unless a

corrected Confirmation is sent by Party A, within such three-day period, in which case Party B shall have two (2) Local Business Days after receipt thereof to object to the terms contained in such corrected Confirmation.

(i) ***Only ECPs Can Be Guarantors.*** Notwithstanding anything to the contrary in this Agreement or in any credit agreement or guaranty, no person providing a guaranty of any obligation of Party B under this Agreement (each such person, a "Guarantor") shall be deemed to be a guarantor of, or to have granted a security interest to secure any guaranty by Guarantor of, any Swap Obligation (as defined below) if such Guarantor is not an "Eligible Contract Participant" as defined in the Commodity Exchange Act and the applicable rules and regulations issued by the Commodity Futures Trading Commission and/or the Securities and Exchange Commission (collectively, and as now or hereafter in effect, "the ECP Rules") at the time Party B entered into any applicable Transaction (each such Swap Obligation, an "Excluded Swap Obligation"), but solely to the extent that the providing of such guaranty by such Guarantor, or grant of a security interest to secure any guaranty by Guarantor, of any Swap Obligation by such Guarantor would violate the ECP Rules or other applicable law or regulation. Except as expressly set forth in the preceding sentence, nothing in this Agreement shall be deemed to restrict, reduce or waive any obligation of any such Guarantor under any guaranty or other Credit Support Document, and such guaranty or other Credit Support Document shall continue to guarantee, or grant a security interest to secure, as applicable, in accordance with its terms, each Swap Obligation that is not an Excluded Swap Obligation.

The term "**Swap Obligation**" means any obligation of any person to pay or perform under any Transaction that constitutes a "swap" as defined in the Commodity Exchange Act.

(j) ***USA PATRIOT Act Notice.*** Party A hereby notifies Party B that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Party B, which information includes the name and address of Party B and other information that will allow Party A to identify Party B in accordance with the Act.

Part 6
Additional Terms for Foreign Exchange and Foreign Exchange Option Transactions

(a) ***Incorporation of Definitions.*** The 1998 FX and Currency Option Definitions (the ***"FX Definitions"***), published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and The Foreign Exchange Committee, are hereby incorporated by reference with respect to FX Transactions (as defined in the FX Definitions) and Currency Option Transactions (as defined in the FX Definitions). Terms defined in the FX Definitions shall have the same meanings in this Part 6.

(b) ***Scope.*** Unless otherwise agreed in writing by the parties, each FX Transaction and Currency Option Transaction entered into between the parties before, on or after the date of this Agreement shall be a Transaction under this Agreement and shall be part of,

subject to and governed by this Agreement. FX Transactions and Currency Option Transactions shall be part of, subject to and governed by this Agreement even if the Confirmation in respect thereof does not state that such FX Transaction or Currency Option Transaction is subject to or governed by this Agreement or does not otherwise reference this Agreement.

When an FX Transaction or a Currency Option is confirmed by means of exchange of electronic messages on an electronic messaging system or other document or other confirming evidence exchanged between the parties confirming such Transaction, such messages, document or evidence will constitute a Confirmation for the purposes of this Agreement even where not so specified therein.

(c) ***Premium Netting.*** If, on any date, and unless otherwise mutually agreed by the parties, Premiums would otherwise be payable hereunder in the same Currency between the same respective offices of the parties, then, on such date, each party's obligation to make payment of such Premiums will be automatically satisfied and discharged and, if the aggregate Premiums that would otherwise have been payable by such office of one party exceeds the aggregate Premiums that would otherwise have been payable by such office of the other party, replaced by an obligation upon the party by whom the larger aggregate Premiums would have been payable to pay the other party the excess of the larger aggregate Premiums over the smaller aggregate Premiums, and if the aggregate Premiums are equal, no payment shall be made.

(d) ***Payment Netting of FX Transactions and Currency Option Transactions.*** Multiple Transaction Payment Netting shall not apply to FX Transactions or Currency Option Transactions. Unless otherwise mutually agreed by the parties, if on any date more than one delivery of a particular Currency is to be made between a pair of offices with respect to settlement of FX Transactions or Currency Option Transactions (but excluding payments with respect to option premiums and cash settled options), then each party shall aggregate the amounts of such Currency deliverable by it and only the difference between these aggregate amounts shall be delivered by the party owing the larger aggregate amount to the other party, and, if the aggregate amounts are equal, no delivery of the Currency shall be made.

(e) ***Potential Event of Default.*** Subject to Section 2(a)(iii) of the Agreement, if an Event of Default or Potential Event of Default has occurred and is continuing, and an Early Termination Date has not been designated by the Non-defaulting Party, the Non-defaulting Party may, by written notice, specify that any or all Currency Options being settled while such Event of Default or Potential Event of Default is continuing shall be settled in accordance with Article 3, Section 3.7 of the FX Definitions and upon such notice becoming effective, the Parties shall be deemed to have elected to have the specified Currency Options settle at the In-the-Money Amount unless and until the Event of Default or Potential Event of Default is no longer continuing.

(f) ***Payment Instructions.*** All payments to be made hereunder in respect of FX and Currency Option Transactions shall be made in accordance with standing payment

instructions provided by the parties from tune to time in writing (or as otherwise specified in a Confirmation).

(g) ***Notice of Exercise.*** Article 3, Section 3.5(g) of the FX Definitions is amended by the deletion of the word "facsimile," in the fourth line thereof.

(h) ***Automatic Exercise.*** Article 3, Section 3.6(c)(i), line six of the FX Definitions which currently reads "one percent of the Strike Price" shall be amended to read "0.5% of the Strike Price,"

(i) ***Terms Relating to Premium.*** Article 3, Section 3.4. of the FX Definitions is hereby amended by the addition of the following as a new paragraph (c) of the FX Definitions.

"(c) **Premium: Failure to Pay on Premium Payment Date.** If any Premium is not received on the Premium Payment Date, the Seller may elect: (i) to accept a late payment of such Premium; (ii) to give written notice of such non-payment and, if such payment shall not be received within two (2) Local Business Days of such notice, treat the related Currency Option as void; or (iii) to give written notice of such non-payment and, if such payment shall not be received within two (2) Local Business Days of such notice, treat such non-payment as an Event of Default under Section 5(a)(i). If the Seller elects to act under either clause (i) or (ii) of the preceding sentence, the Buyer shall pay all out-of-pocket costs and actual damages incurred in connection with such unpaid or late Premium or void Currency Option, including, without limitation, interest on such Premium in the same currency as such Premium at the then prevailing market rate and any other costs or expenses incurred by the Seller in covering its obligations (including without limitation, a delta hedge) with respect to such currency Option."

Part 7
Additional Provisions With Respect to Commodity Transactions

(a) The "Disruption Fallbacks" specified in Section 7.5(d)(i) of the 2005 ISDA Commodity Definitions (published by ISDA) (the "2005 Commodity Definitions") shall apply, except as otherwise specified in the relevant Confirmation.

(b) The parties agree that notwithstanding Section 1(b) of this Agreement, in the event that a Confirmation references the 1993 ISDA Commodity Derivatives Definitions (the "1993 Definitions"), the 2000 Supplement to the 1993 Definitions or the Commodity Definitions and such Confirmation does not otherwise specify Disruption Fallbacks, the Disruption Fallbacks specified in Part 7(a) hereof shall apply to the Transaction for which such Confirmation relates.

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorized officers as of the date hereof:

FIFTH THIRD BANK		**LKQ CORPORATION**	
By:	/s/ DONALD ZELLER	By:	/s/ JOHN S. QUINN
Name:	Donald Zeller	Name:	John S. Quinn
Title:	AVP	Title:	Executive Vice President & C.F.O.

Exhibit 10.40
Execution Copy

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

KEYSTONE AUTOMOTIVE HOLDINGS, INC.,

LKQ CORPORATION,

KAH ACQUISITION SUB, INC.,

CERTAIN STOCKHOLDERS OF KEYSTONE AUTOMOTIVE HOLDINGS, INC.,

AND

THE EQUITYHOLDERS REPRESENTATIVE

DATED AS OF DECEMBER 5, 2013

Exhibit

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger, dated as of December 5, 2013 (this "Agreement"), is entered into by and among Keystone Automotive Holdings, Inc., a Delaware corporation (the "Company"), LKQ Corporation, a Delaware corporation ("Parent"), KAH Acquisition Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), the undersigned stockholders of the Company (the "Stockholder Parties"), and Sphere Capital, LLC - Series A, a Delaware limited liability company, in its capacity as the representative of the Equityholders (the "Equityholders Representative"). (Unless the context otherwise makes clear, capitalized terms used in this Agreement are defined in ARTICLE XI.)

BACKGROUND

A. This Agreement constitutes an agreement of merger, as such term is used in Section 251(b) of the General Corporation Law of the State of Delaware (the "DGCL"), providing for the merger of Merger Sub with and into the Company with the Company continuing as the surviving corporation (the "Merger") in accordance with the terms and conditions of this Agreement and the DGCL, whereby each issued and outstanding share of capital stock of the Company will be converted into the right to receive the Per Share Merger Consideration.

B. A special committee of the Board of Directors of the Company (the "Board") has unanimously recommended that the Board approve this Agreement and declare its advisability to the Company and the Stockholders.

C. The Board has unanimously adopted resolutions (i) approving this Agreement and declaring its advisability, (ii) approving the transactions contemplated hereby, including the Merger, (iii) determining that the terms of the Merger and the other transactions contemplated hereby are fair to, advisable and in the best interests of, the Company and the Stockholders, (iv) directing that this Agreement be submitted to the Stockholders for consideration for adoption or rejection and (v) recommending that the Stockholders adopt this Agreement.

D. The boards of directors of both Parent and Merger Sub have each unanimously adopted resolutions approving and declaring advisable this Agreement and the transactions contemplated hereby, including the Merger, and authorizing Parent and Merger Sub to enter into this Agreement and to consummate the Merger.

E. The Company, Parent and Merger Sub desire to make certain representations, warranties and agreements in connection with the Merger and the other transactions contemplated hereby and prescribe various conditions to the Merger as provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the mutual representations, warranties and agreements contained herein, the Parties hereby agree as follows:

ARTICLE I
THE MERGER

1.1. The Merger. At the Effective Time, and subject to and on the terms and conditions of this Agreement and the provisions of the DGCL, the Company and Merger Sub shall consummate the Merger pursuant to which: (a) Merger Sub shall be merged with and into the Company, the separate existence of Merger Sub shall cease, (b) the Company shall continue as the surviving corporation in the Merger (the "Surviving Corporation") and shall continue to be governed by the applicable Laws of the State of Delaware, and (c) the separate corporate existence of the Company with all its properties, rights, privileges, powers, franchises and immunities, shall continue unaffected by the Merger. The Merger shall have the effects set forth in the applicable provisions of the DGCL.

1.2. Closing. The closing (the "Closing") of the Merger shall take place as promptly as practicable, but no later than three (3) Business Days, following the satisfaction or waiver of the conditions set forth in ARTICLE VII (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) at the offices of K&L Gates LLP, 70 West Madison Street, Chicago, Illinois or on such other date or place as shall be agreed in writing between the Company and Parent; provided that the Closing shall not take place earlier than January 3, 2014. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date."

1.3. Effective Time. On the Closing Date, the Parties shall file with the Delaware Secretary of State a certificate of merger (the "Certificate of Merger") duly executed in accordance with the relevant provisions of the DGCL and shall make all other filings or recordings required under the DGCL to give full effect to the Merger. The Merger shall become effective at such time as the Certificate of Merger is duly filed with the Delaware Secretary of State, or at such later date and time as Parent and the Company shall agree and specify in the Certificate of Merger (the "Effective Time").

1.4. Effects of the Merger. The Merger shall have the effects provided in this Agreement and in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all of the properties, rights, privileges, powers, franchises and immunities of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

1.5. Certificate of Incorporation and Bylaws. At the Effective Time, (a) the certificate of incorporation of Merger Sub, as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by Applicable Law, except that the name of the Surviving Corporation shall continue to be Keystone Automotive Holdings, Inc. until amended in accordance with Applicable Law and (b) the bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by Applicable Law, except that the name of the Surviving Corporation shall continue to be Keystone Automotive Holdings, Inc. until amended in accordance with Applicable Law.

1.6. Directors and Officers. The members of the board of directors of Merger Sub immediately prior to the Effective Time shall become the initial directors of the Surviving Corporation at the Effective Time, and the officers of Merger Sub immediately prior to the Effective Time shall become the initial officers of the Surviving Corporation at the Effective Time, in each case to hold office until their respective successors shall have been duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the Surviving Corporation. The officers of the Company immediately prior to the Effective Time shall cease to be officers of the Company at the Effective Time.

ARTICLE II
EFFECT OF THE MERGER; MERGER CONSIDERATION

2.1. Conversion of Company Shares. At the Effective Time, by virtue of the Merger and without any action on the part of the Company or Merger Sub or on the part of any other Person:

(a) Except as otherwise provided in Section 2.1(b) and Section 2.2, each share of Common Stock issued and outstanding immediately prior to the Effective Time shall be converted automatically into and thereafter represent solely the right to receive the Initial Per Share Merger Consideration and the Subsequent Payments to be made with respect thereto as provided in Section 2.4(f) (all such amounts, taken together, the "Per Share Merger Consideration"). From and after the Effective Time, all such shares of Common Stock shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of a certificate formerly representing any such shares shall cease to have any rights with respect thereto, except the right to receive the Per Share Merger Consideration.

(b) Each share of Common Stock held in the treasury of the Company and each share of Common Stock owned by Parent, or by any other direct or indirect wholly owned subsidiary of Parent, immediately prior to the Effective Time, shall be automatically canceled and retired and shall cease to exist and no payment or other consideration shall be made with respect thereto.

(c) Each share of common stock, par value $0.01 per share, of Merger Sub that is issued and outstanding immediately prior to the Effective Time shall be converted automatically into and become one share of common stock, par value $0.01 per share, of the Surviving Corporation, so that, at the Effective Time, Parent shall be the holder of all of the issued and outstanding shares of the Surviving Corporation's common stock.

2.2. Dissenting Shares. Shares of Common Stock outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such shares in accordance with the DGCL ("Dissenting Shares") shall not be converted into a right to receive the Per Share Merger Consideration but instead shall be entitled to receive the fair value of such shares of Common Stock as may be determined to be due with respect to such Dissenting Shares pursuant to Section 262 of the DGCL (and at the Effective Time, such Dissenting Shares shall no longer be outstanding and shall automatically be cancelled and shall cease to exist and such holder shall

cease to have any rights with respect thereto except the rights set forth in Section 262 of the DGCL), unless and until such holder fails to perfect, withdraws or otherwise loses such holder's right to appraisal under the DGCL. If, after the Effective Time, such holder fails to perfect, withdraws or otherwise loses such holder's right to appraisal, each such share of Common Stock shall be treated as if it had been converted at the Effective Time into the right to receive the Per Share Merger Consideration as and when provided in Section 2.1(a), without any interest thereon. The Company shall give Parent (a) prompt notice of (i) any demands for appraisal pursuant to the DGCL received by the Company, but in any event not later than one (1) day after such demand is received by the Company, (ii) withdrawals of such demands, and (iii) any other instruments served pursuant to the DGCL and received by the Company in connection with such demands, and (b) the opportunity to participate in all negotiations and proceedings with respect to demands for appraisal under the DGCL prior to the Effective Time. The Company shall not, except with the prior written consent of Parent or as otherwise required by Applicable Law, make any payment with respect to any such demands for appraisal or offer to settle or settle any such demands without Parent's prior written consent.

2.3. Treatment of Stock Options; Restricted Stock; and Restricted Stock Units.

(a) Treatment of Stock Options. Prior to the Effective Time, the Company shall cause each Stock Option that has not expired and is outstanding immediately prior to the Effective Time to become or otherwise be deemed fully vested at such time and to be canceled and converted at the Effective Time into the right to receive payment of the Initial Stock Option Cancellation Payment and the Subsequent Payments to be made with respect thereto as provided in Section 2.4(f).

(b) Treatment of Restricted Stock. Prior to the Effective Time, the Company shall cause each share of Restricted Stock that is unvested and outstanding immediately prior to the Effective Time to become or otherwise be deemed fully vested Common Stock at such time and, accordingly, each such share shall be converted automatically into and thereafter represent solely the right to receive the Initial Per Share Merger Consideration and the Subsequent Payments with respect thereto as provided in Section 2.4(f).

(c) Treatment of Restricted Stock Units. Prior to the Effective Time, the Company shall cause each Restricted Stock Unit that is unvested and outstanding immediately prior to the Effective Time to become or otherwise be deemed fully vested at such time and to be canceled and converted at the Effective Time into the right to receive payment of the Initial Per Share Merger Consideration and the Subsequent Payments with respect thereto as provided in Section 2.4(f).

(d) Company Equity Incentive Plan. After the Effective Time, the Company Equity Incentive Plan shall be terminated and no further Stock Options, shares of Restricted Stock, Restricted Stock Units, or other rights with respect to Common Stock shall be granted thereunder.

2.4. Payments to the Equityholders.

(a) Prior to the Closing Date, the Company shall distribute to each Stockholder of record (including holders of Restricted Stock) a customary letter of transmittal in form and substance reasonably satisfactory to Parent (the "Letter of Transmittal") for use in surrendering the Certificates evidencing the shares of Common Stock held by such Stockholder (or in lieu thereof an Affidavit of Loss as provided in Section 2.4(d)) in exchange for the payments provided for in this Agreement.

(b) Each Stockholder who has, prior to the Effective Time, properly completed, executed and delivered to the Company a Letter of Transmittal and the Certificate(s) evidencing such Stockholder's shares of Common Stock (or an Affidavit of Loss in lieu thereof) shall be entitled to receive from Parent on the Closing Date, and Parent shall pay to such Stockholder on the Closing Date, an amount equal to the Initial Per Share Merger Consideration *multiplied by* the number of shares of Common Stock represented by the Certificate surrendered (or referred to in the Affidavit of Loss delivered in lieu thereof), such payments to be made by check or by wire transfer as requested by such Stockholder in the Letter of Transmittal delivered by such Stockholder; provided, however, that with respect to the holders of Restricted Stock immediately prior to the Effective Time, such payments shall be made through the Company's or its applicable Subsidiary's payroll account as provided in Section 2.4(e).

(c) With respect to any Stockholder who has not properly completed, executed and delivered a Letter of Transmittal to the Company prior to the Effective Time, or who has failed to deliver the Certificate(s) evidencing such Stockholder's shares of Common Stock (or an Affidavit of Loss in lieu thereof), Parent shall pay to the Equityholders Representative at the Closing an amount equal to the Initial Per Share Merger Consideration *multiplied by* the total number of shares of Common Stock held by all such Stockholders (other than Dissenting Shares), such funds to be held by the Equityholders Representative (subject to applicable abandoned property, escheat and similar Laws) for further payment to each such Stockholder when and as such Stockholder delivers a properly completed and executed Letter of Transmittal and the Certificate(s) evidencing such Stockholder's shares of Common Stock (or an Affidavit of Loss in lieu thereof) to the Equityholders Representative (who shall promptly thereafter deliver such documents to Parent), at which time such Stockholder shall be entitled to receive from the funds held by the Equityholders Representative the same amount (payable in the same manner, except with respect to shares of Restricted Stock, which shall be payable as provided in Section 2.4(e)) as such Stockholder would have received from Parent under Section 2.4(b) if such Letter of Transmittal and Certificate(s) (or Affidavit of Loss in lieu thereof) had been delivered to the Company prior to the Effective Time.

(d) If any Certificate which formerly represented shares of Common Stock held by any Stockholder shall have been lost, stolen or destroyed, such Stockholder may, in lieu of delivering such Certificate with the Letter of Transmittal delivered in accordance with Section 2.4(b) or Section 2.4(c), complete, execute and deliver an affidavit of loss in form reasonably satisfactory to Parent, including customary indemnity provisions (an "Affidavit of Loss").

(e) As soon as reasonably practicable after the Effective Time, but in any event not later than the first regular payroll that occurs not earlier than three (3) Business Days

following the Effective Time, the Surviving Corporation shall pay through the Company's or its applicable Subsidiary's payroll account, in accordance with its regular payroll practices (and subject to all applicable payroll Taxes and withholding Taxes) to (i) each former holder of a Stock Option who has delivered an Option Consent Agreement, the Initial Stock Option Cancellation Payment, (ii) each holder of Restricted Stock, the portion of the Unpaid Class B Dividends specified by the Company not less than three (3) Business Days prior to the Closing Date, (iii) each applicable Employee, the amount of Transaction Expenses specified by the Company for such Employee not less than three (3) Business Days prior to the Closing Date, and (iv) each former holder of shares of Restricted Stock and each former holder of Restricted Stock Units who has delivered a Restricted Stock Unit Consent Agreement an amount in cash equal to the Initial Per Share Merger Consideration *multiplied by* the number of outstanding shares of Restricted Stock (or number of Restricted Stock Units) held by such holder of Restricted Stock (or Restricted Stock Units) immediately prior to the Effective Time. The Company has accrued, or shall prior to the Closing accrue, all applicable employer payroll Taxes and withholding Taxes payable by the Company in connection with the cash distributions set forth in clauses (i) through (iv) of this Section 2.4(e).

(f) In addition to the payments to be made to the Equityholders as provided above, the Equityholders shall also be entitled to receive, subject to Section 12.1(b), the Subsequent Payments from the Equityholders Representative in accordance with their respective Equity Ownership Percentages. The foregoing notwithstanding, to the extent required by applicable Law, the Surviving Corporation shall, upon request of the Equityholders Representative, facilitate the payment of any Subsequent Payments to be made to former holders of Stock Options, shares of Restricted Stock and Restricted Stock Units, through its or its applicable Subsidiary's payroll account, subject to all applicable payroll Taxes and withholding Taxes, in which case, the Equityholders Representative shall reimburse the Surviving Corporation for the employer portion of any applicable payroll Taxes in connection with the foregoing payments.

(g) In no event shall any Equityholder be entitled to receive interest on any of the funds to be received in connection with the Merger.

2.5. Other Payments by Parent at Closing. On the Closing Date, Parent shall deliver the executed Promissory Note to the Equityholders Representative and shall make the following payments by wire transfer of immediately available funds:

(a) on the Company's behalf, to the appropriate third parties the aggregate amount necessary to repay in full all Closing Bank Debt as set forth in the Payoff Letters, such payments to be remitted to the accounts and in the amounts specified in the Payoff Letters;

(b) on the Company's behalf, to the appropriate third parties, the aggregate amount necessary to pay the Transaction Expenses (other than Transaction Expenses payable to Employees) that shall have been determined as of the Closing, such payments to be remitted to the accounts and in the amounts specified by the Company not less than three (3) Business Days prior to the Closing Date;

(c) to the Equityholders Representative, the Representative Holdback Amount and, if applicable, the WC Estimated Surplus, such payments to be remitted to an account or accounts specified by the Equityholders Representative not less than three (3) Business Days prior to the Closing Date; and

(d) (A) to the Company, for the benefit of and disbursement to the Option Holders, the aggregate amount of the Initial Stock Option Cancellation Payments, such payment to be remitted to the Company's or its applicable Subsidiary's payroll account for further payment to the Option Holders pursuant to Section 2.4(e), (B) to the Company, for the benefit of and disbursement to the holders of Restricted Stock, the aggregate amount of the Unpaid Class B Dividends, such payment to be remitted to the Company's or its applicable Subsidiary's payroll account for further payment to such Equityholders pursuant to Section 2.4(e), (C) to the Company, for the benefit of and disbursement to the applicable Employees, the aggregate amount of Transaction Expenses payable to such Employees, such payment to be remitted to the Company's or its applicable Subsidiary's payroll account for further payment to such Employees pursuant to Section 2.4(e), (D) to the Company, for the benefit of and disbursement to the holders of Restricted Stock, the aggregate amount equal to the Initial Per Share Merger Consideration *multiplied by* the number of outstanding shares of Restricted Stock held by such holder of Restricted Stock immediately prior to the Effective Time, such payment to be remitted to the Company's or its applicable Subsidiary's payroll account for further payment to the holders of Restricted Stock pursuant to Section 2.4(e), (E) to the Company, for the benefit of and disbursement to the holders of Restricted Stock Units, the aggregate amount equal to the Initial Per Share Merger Consideration *multiplied by* the number of outstanding Restricted Stock Units held by such holders of Restricted Stock Units immediately prior to the Effective Time, such payment to be remitted to the Company's or its applicable Subsidiary's payroll account for further payment to the holders of Restricted Stock Units pursuant to Section 2.4(e), and (F) to the Company for disbursement to the applicable Governmental Entity, all withholding Taxes with respect to the Initial Stock Option Cancellation Payments, the Unpaid Class B Dividends, the Transaction Expenses payable to Employees, and the payments to the holders of Restricted Stock and Restricted Stock Units.

2.6. Closing Net Working Capital and Net Closing Cash Adjustments.

(a) No less than four (4) Business Days prior to the anticipated Closing Date, the Company shall prepare and deliver to Parent a statement (the "Estimated Statement"), duly executed by the Chief Financial Officer of the Company, setting forth in reasonable detail the Company's good faith estimate of the Closing Net Working Capital as of the anticipated Closing Date (the "Estimated Closing Net Working Capital") and of the Net Closing Cash as of the anticipated Closing Date (the "Estimated Closing Cash"). The Estimated Statement shall be based on the books and records of the Company and its Subsidiaries, and shall be prepared in good faith and in accordance with the Accounting Conventions.

(b) Within seventy-five (75) days after the Closing Date, Parent shall prepare and deliver to the Equityholders Representative a statement (the "Closing Statement") setting forth Parent's determination of Closing Net Working Capital and Net Closing Cash showing in reasonable detail any and all changes reflected therein from the amounts reflected in the Estimated Statement of Estimated Closing Net Working Capital and Estimated Closing Cash

delivered pursuant to Section 2.6(a). The Closing Statement shall be based on the books and records of the Company and its Subsidiaries and shall be prepared in good faith and in accordance with the Accounting Conventions.

(c) The Closing Statement shall be final and binding on the Parties unless the Equityholders Representative, on behalf of the Equityholders, delivers to Parent a written notice of disagreement with the Closing Statement within seventy-five (75) days following the receipt thereof. Such written notice shall describe the nature of any such disagreement in reasonable detail, identifying the specific items as to which the Equityholders Representative disagrees and shall be accompanied by reasonable supporting documentation. During such seventy-five (75) day period, Parent shall cause the Surviving Corporation and its Subsidiaries to provide the Equityholders Representative and the Equityholders Representative's advisors with on-site access and access via telephone and e-mail communications and transmissions during regular business hours and upon reasonable notice to all relevant books and records and employees (including key accounting and finance personnel) of the Surviving Corporation and its Subsidiaries to the extent necessary to review the matters and information used to prepare and to support the Closing Statement, all in a manner not unreasonably interfering with the business of the Surviving Corporation and its Subsidiaries and if and to the extent that such access is requested but not provided, such seventy-five (75) day review period shall be extended on a day-for-day basis for each full day that such access is requested but not provided. If the Equityholders Representative delivers a notice of disagreement in a timely manner, then the Equityholders Representative, on behalf of the Equityholders, and Parent shall attempt to resolve all such matters identified in such notice. If the Equityholders Representative and Parent are unable to resolve all such disagreements within thirty (30) days after the receipt by Parent of the notice of disagreement (or such longer period as may be agreed by Parent and the Equityholders Representative), then the remaining disputed matters shall be promptly submitted to the Accounting Arbitrator for binding resolution, and the Accounting Arbitrator shall be directed by Parent and the Equityholders Representative to resolve the unresolved objections as promptly as reasonably practicable. The Accounting Arbitrator will consider only those items and amounts set forth on the Closing Statement as to which Parent and the Equityholders Representative have disagreed and shall resolve such disagreements in accordance with the terms and provisions of this Agreement. The Accounting Arbitrator shall issue a written report containing a final Closing Statement setting forth its determination of Closing Net Working Capital and Net Closing Cash, which determination shall be final and binding upon Parent, the Surviving Corporation, the Equityholders Representative and the Equityholders. Any upfront or other fees or expenses charged by the Accounting Arbitrator prior to the final determination shall be paid fifty percent (50%) by Parent and fifty percent (50%) by the Equityholders Representative, subject to the remaining provisions of this Section 2.6(c). The final aggregate fees and expenses of the Accounting Arbitrator incurred in connection with the determination of the disputed items (including any upfront or other fees previously paid) shall be paid by Parent and by the Equityholders Representative (on behalf of the Equityholders, to be paid from the Representative Holdback Amount) based on the relative success of their positions as compared to the final determination of the Accounting Arbitrator. By way of example, if Parent has taken the position that the Closing Net Working Capital was $1,000,000 less than the Estimated Closing Net Working Capital and the Equityholders Representative has taken the position that the Closing Net Working Capital was $500,000 greater than the Estimated Closing Net Working Capital (and the parties had otherwise agreed on Net Closing Cash) and the Accounting Arbitrator finally

determines that the Closing Net Working Capital was equal to the Estimated Closing Net Working Capital, then Parent shall ultimately pay two thirds (2/3) of the fees and expenses of the Accounting Arbitrator and the Equityholders Representative (on behalf of the Equityholders) shall ultimately pay one third (1/3) of the fees and expenses of the Accounting Arbitrator. To the extent either Parent or the Equityholders Representative has made payments to the Accounting Arbitrator in excess of the amount of fees and expenses ultimately determined to be payable by such Party, the other Party shall reimburse such first Party in an amount equal to such excess. Parent and the Equityholders Representative shall, and Parent shall cause the Surviving Corporation to, cooperate fully with the Accounting Arbitrator and respond on a timely basis to all requests for information or access to documents or personnel made by the Accounting Arbitrator, all with the intent to fairly and in good faith resolve all disputes relating to the Closing Statement as promptly as reasonably practicable.

(d) If the aggregate amount of Closing Net Working Capital *plus* Net Closing Cash as finally determined in accordance with Section 2.6(c) is less than the aggregate amount of Estimated Closing Net Working Capital *plus* Estimated Closing Cash, then the amount of such difference (the "WC Deficiency") shall be paid in the following sequential manner: (i) to the extent there is a WC Estimated Surplus, the Equityholders Representative shall pay to Parent the WC Deficiency from the WC Estimated Surplus, and any remaining portion of the WC Estimated Surplus shall be paid to the Equityholders pursuant to Section 2.6(e); (ii) if the WC Deficiency exceeds the WC Estimated Surplus (if any) the amount of the Promissory Note shall be reduced by the amount of the difference between the WC Deficiency and the WC Estimated Surplus (if any) up to an amount equal to $1,500,000 (and the Surviving Corporation and Equityholders Representative shall amend the Promissory Note to reflect the reduced amount); (iii) to the extent the WC Deficiency exceeds the combined amount of the WC Estimated Surplus (if any) *plus* $1,500,000, then the Equityholders Representative shall pay to Parent from the remaining Representative Holdback Amount an amount in cash equal to such excess; and (iv) to the extent the WC Deficiency exceeds the combined amount of the WC Estimated Surplus (if any) *plus* $1,500,000 *plus* the remaining Representative Holdback Amount, then the Stockholder Parties shall pay (which obligation shall be on a several basis based on their respective Indemnity Pro Rata Share) to Parent an amount in cash equal to such excess. If the aggregate amount of Closing Net Working Capital *plus* Net Closing Cash as finally determined in accordance with Section 2.6 (c) is greater than the aggregate amount of Estimated Closing Net Working Capital *plus* Estimated Closing Cash, then the amount of such difference shall be paid by Parent or the Surviving Corporation to the Equityholders Representative (for further payment to the Equityholders in accordance with Section 2.6(e)) and the Equityholders Representative shall distribute the WC Estimated Surplus to the Equityholders in accordance with Section 2.6(e). Any payments required to be made pursuant to this Section 2.6(d) shall be made by wire transfer within five (5) Business Days after the final determination of Closing Net Working Capital and Net Closing Cash.

(e) If Parent or the Surviving Corporation is obligated to make payments to the Equityholders Representative pursuant to Section 2.6(d), then, subject to Section 12.1(b), the Equityholders Representative shall disburse and pay the aggregate amount paid to it pursuant to Section 2.6(d) to the Equityholders in accordance with their respective Equity Ownership Percentages and, with respect to the Stockholders, the payment instructions set forth in their respective Letters of Transmittal.

2.7. Representative Holdback Amount and WC Estimated Surplus.

(a) If and to the extent that any portion of the Representative Holdback Amount remains unspent at the time that the final payment is made under the Promissory Note, then, Subject to Section 12.1 (b), the Equityholders Representative shall pay over such remaining portion of the Representative Holdback Amount at such time to the Equityholders in the same manner as if such funds were being paid from payments received under the Promissory Note.

(b) The Equityholders Representative shall retain the WC Estimated Surplus (if any) on behalf of the Equityholders and shall distribute the WC Estimated Surplus to the applicable parties pursuant to and in accordance with Section 2.6(d).

2.8. Tax Withholding. Each of Parent, the Company, the Surviving Corporation and any applicable Subsidiary thereof, as applicable, shall be entitled to deduct and withhold from any amounts payable by it pursuant to this Agreement any withholding Taxes or other amounts required by Law to be deducted and withheld. To the extent that any such amounts are so deducted or withheld, such amounts will be treated for all purposes of this Agreement as having been paid to the person with respect to whom such deduction and withholding was made.

2.9. Tax Deductions. It is the intent of the Parties that, to the extent permitted by applicable Tax Law, all income Tax deductions with respect to, or resulting from, the payment of any Transaction Expenses, the Initial Stock Option Cancellation Payments, the payments to the holders of Restricted Stock and Restricted Stock Units, the payment of the Closing Bank Debt at Closing (including, for the avoidance of doubt, any Tax deductions that may be available with respect to the acceleration of original issue discount, any deferred underwriting fees or expenses, any deferred sponsor transaction fees and any other deferred financing fees or costs in connection with the repayment of the Closing Bank Debt) and any payments to the former holders of Stock Options, shares of Restricted Stock and Restricted Stock Units in connection with the Closing shall be deducted by the Company in a Pre-Closing Tax Period. The Company shall take all such deductions in the final Tax Returns of the Company for the Tax period ending on the Closing Date, and Parent shall not take any action, or permit the Surviving Corporation to take any action, inconsistent therewith.

ARTICLE III
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

Subject to such exceptions as are disclosed in the Disclosure Letter referencing the appropriate Section or subsection of this ARTICLE III (or as may be otherwise readily apparent as responsive to any other Section of this ARTICLE III), the Company represents and warrants to Parent and Merger Sub as of the date of this Agreement and as of the Closing as follows:

3.1. Organization and Qualification of the Company. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. The Company has all requisite corporate power and authority to own, lease and operate its properties and to carry on the Business. The Company is duly qualified or licensed to do business and is in good standing as a foreign corporation in each jurisdiction in which the conduct of its business or the ownership, leasing, holding or use of its properties makes such

qualification necessary, except such other jurisdictions where the failure to be so qualified or licensed or in good standing would not reasonably be expected to have a Company Material Adverse Effect. The Company has made available to Parent a true, correct and complete copy of its Constitutional Documents, each as amended to date, minute books and stock transfer records. The Company is not in violation of its Constitutional Documents in any material respect.

3.2. Organization and Qualification of the Subsidiaries. Section 3.2 of the Disclosure Letter sets forth a true, correct and complete list of each Subsidiary of the Company and indicates the type of entity and jurisdiction of organization of each Subsidiary of the Company. Except for the Subsidiaries listed on Section 3.2 of the Disclosure Letter, the Company does not have any direct or indirect equity investment or other investment in any Person. Each Subsidiary of the Company is duly organized, validly existing and in good standing (to the extent applicable) under the Laws of its jurisdiction of incorporation or formation. Each Subsidiary of the Company has all requisite power and authority to own, lease and operate its properties and to carry on its business. Each Subsidiary of the Company is duly qualified or licensed to do business and is in good standing (to the extent applicable) as a foreign organization in each jurisdiction in which the conduct of its business or the ownership, leasing, holding or use of its properties makes such qualification necessary, except such other jurisdictions where the failure to be so qualified or licensed or in good standing would not reasonably be expected to have a Company Material Adverse Effect. The Company has made available to Parent a true, correct and complete copy of each of its Subsidiaries' Constitutional Documents, each as amended to date, minute books and stock transfer records. None of the Company's Subsidiaries is in violation of its Constitutional Documents in any material respect.

3.3. Capitalization.

(a) Section 3.3(a) of the Disclosure Letter lists a true, correct and complete list of (i) the authorized Equity Securities of the Company, (ii) the number and kind of Equity Securities of the Company that are issued and outstanding as of the date of this Agreement, (iii) the names of each of the holders of such Equity Securities and the respective number and kind of Equity Securities of the Company held by such holder and (iv) the equity holders of each of the Company's Subsidiaries and the percentage of each such Subsidiary's Equity Securities held by each such equity holder. All of the outstanding Equity Securities of the Company and each of its Subsidiaries are duly authorized, validly issued, fully paid and non-assessable and were not issued in violation of, and are not subject to, any preemptive rights or in violation of any applicable federal or state securities Laws. Except for rights granted to Parent under this Agreement, there are no outstanding options, warrants, calls, demands, stock appreciation rights, Contracts or other rights of any nature to purchase, obtain or acquire, or otherwise relating to, or any outstanding securities or obligations convertible into or exchangeable for, or any voting agreements or any other similar contract, agreement, arrangement, commitment, plan or understanding restricting or otherwise relating to the issuance, sale, purchase, redemption, conversion, exchange, registration, voting, dividend, ownership or transfer rights of any Equity Securities of the Company or any of its Subsidiaries. There are no outstanding Equity Securities other than shares of Common Stock, Restricted Stock Units and Stock Options. All outstanding shares of Restricted Stock, all outstanding Restricted Stock Units and all outstanding Stock Options will become fully vested prior to the Effective Time. All of the outstanding Equity Securities of the Company and its Subsidiaries have been issued in compliance in all material

respects with all requirements of Laws and Contracts applicable to the Company and the Subsidiaries and their respective Equity Securities. Except for the Unpaid Class B Dividends, there are no accrued and unpaid dividends (whether or not declared) with respect to any outstanding shares of Common Stock.

(b) As of the date of this Agreement, there are outstanding Stock Options to purchase 271,744 shares of Class B Common Stock granted under the Company Equity Incentive Plan and 326,144 shares of Class B Common Stock remain reserved for issuance under the Company Equity Incentive Plan. All of the Stock Options have been granted to eligible current or former officers, employees, consultants or directors of the Company and its Subsidiaries in the ordinary course of business consistent with past practice pursuant to the Company Equity Incentive Plan, and, in each case, initially exercisable for Class B Common Stock at an exercise price equal to fair market value at the time of such grant. Section 3.3(b) of the Disclosure Letter sets forth, with respect to each Stock Option, the name of the holder, the date of grant, current exercise price, the vesting schedule, and the number of shares of Class B Common Stock subject to such Stock Option.

(c) As of the date of this Agreement, there are outstanding 422,400 shares of Restricted Stock granted under the Company Equity Incentive Plan. All of the shares of Restricted Stock have been granted to eligible current or former officers, employees, consultants or directors of the Company and its Subsidiaries in the ordinary course of business consistent with past practice pursuant to the Company Equity Incentive Plan, and, in each case, represent restricted shares of Class B Common Stock issued under the Company Equity Incentive Plan. Section 3.3(c) of the Disclosure Letter sets forth, with respect to each award of Restricted Stock, the name of the holder, the date of grant, the vesting schedule or vesting contingencies, and the number of shares of Restricted Stock subject to such award.

(d) As of the date of this Agreement, there are outstanding 24,000 Restricted Stock Units granted under the Company Equity Incentive Plan. All of the Restricted Stock Units have been granted to eligible current or former officers, employees, consultants or directors of the Company and its Subsidiaries in the ordinary course of business consistent with past practice pursuant to the Company Equity Incentive Plan, and, in each case, represent the right to receive Class B Common Stock upon vesting. Section 3.3(d) of the Disclosure Letter sets forth, with respect to each Restricted Stock Unit, the name of the holder, the date of grant, the vesting schedule or vesting contingencies, and the number of shares of Class B Common Stock subject to such Restricted Stock Unit.

3.4. Authority. The Company has all requisite corporate power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder and to comply with the terms, conditions and provisions hereof. Subject to the Stockholder Approval, the execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated to be performed by it under this Agreement have been duly authorized by all necessary and proper corporate action on the part of the Company. This Agreement has been duly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy,

insolvency, reorganization, moratorium or similar Laws relating to or affecting the enforcement of creditors' rights in general and by general principles of equity.

3.5. No Conflict. The execution, delivery and performance by the Company of this Agreement, the consummation by the Company and its Subsidiaries of the transactions contemplated hereby and the compliance by the Company and its Subsidiaries with the terms, conditions and provisions hereof does not and will not, with or without the giving of notice or the lapse of time or both, (a) result in the creation or imposition of any material Lien upon any of the properties or assets of the Company or any of its Subsidiaries, (b) conflict with the Company's or any of its Subsidiaries' respective Constitutional Documents, each as amended to date, or (c) result in a material violation or breach of the terms, conditions or provisions of, or constitute a material default or event of default, or create a right of acceleration, termination or cancellation or a loss of any material rights under (i) any of the terms, conditions or provisions of any Material Contract, or (ii) any Law, License, Judgment or other requirement to which the Company, any of its Subsidiaries or any of their respective properties or assets are subject.

3.6. Consents; Stockholder Approval. Section 3.6 of the Disclosure Letter lists each material consent, waiver, approval, Judgment and authorization of, and each registration, declaration and filing with, and each material notice to, any Governmental Entity or other Person that is required by, or with respect to, the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (a) the Stockholder Approval, (b) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (c) notices and filings required under the HSR Act and (d) any filings that are required under any applicable federal or state securities Laws. The Stockholder Approval is the only vote of the Stockholders required to adopt this Agreement and approve the Merger. Pursuant to Section 3(d) of the Stockholder Agreement, if this Agreement and the Merger are approved by Sphere, then Sphere will have the right to require the stockholders party to such Stockholder Agreement to (x) vote all of the shares of the Company's capital stock owned by them in favor of adopting this Agreement and approving the Merger and (y) waive any dissenters' rights, appraisal rights or similar rights which they may have under Applicable Law, including under Section 262 of the DGCL.

3.7. Financial Statements.

(a) Section 3.7(a) of the Disclosure Letter contains true, correct and complete copies of (i) the audited consolidated balance sheets, audited consolidated statements of operations and audited consolidated statements of cash flows of KAO and its Subsidiaries for the fiscal years ended January 1, 2011, December 31, 2011 and December 29, 2012, (ii) the unaudited unconsolidated balance sheet, unaudited unconsolidated statement of operations and unaudited unconsolidated statement of cash flows of the Company for that fiscal year ended December 29, 2012, (iii) the unaudited consolidated balance sheet of KAO and its Subsidiaries and the unaudited unconsolidated balance sheet of the Company (the "Balance Sheets"), each as of June 29, 2013 (the "Balance Sheet Date") and the related unaudited consolidated statements of operations and statements of cash flows of KAO and its Subsidiaries and the related unaudited unconsolidated statements of operations of the Company, each for the period then ended (collectively, the "Financial Statements").

(b) The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated, except for the absence of footnotes in the case of the unaudited interim Financial Statements. The audited consolidated balance sheet of KAO and its Subsidiaries for the fiscal year ended December 29, 2012 was prepared on a basis consistent with the Accounting Conventions. The Financial Statements present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of the Company and its Subsidiaries as of the dates and for the periods indicated therein, subject, in the case of the unaudited interim financial statements, to normal year-end adjustments. Except as set forth on the Balance Sheets, neither the Company nor any of its Subsidiaries is obligated with respect to, or has any Liability for, Indebtedness as of the Balance Sheet Date.

(c) Section 3.7(c) of the Disclosure Letter under the heading "Letters of Credit" sets forth a true, correct and complete list of the letters of credit currently outstanding under the Revolving Credit Facility that have been issued for the benefit of third parties in support of the business operations of the Company and its Subsidiaries (the "Letters of Credit"). Other than the Letters of Credit, neither the Company nor any of its Subsidiaries has issued to any Person any letters of credit or other similar security agreements. With respect to each Letter of Credit: (i) such Letter of Credit is legal, valid, binding, enforceable, and in full force and effect; (ii) no party is in breach or default, and no event has occurred that with notice or lapse of time would constitute a breach of default, or permit termination, modification or acceleration, under such Letter of Credit; (iii) no party has repudiated any provision of such Letter of Credit; (iv) such Letter of Credit is sufficient for the applicable contract or bid to which it related; and (v) Section 3.7(c) of the Disclosure Letter under the heading "Letters of Credit Agreements" (the "Letters of Credit Agreements") sets forth the agreements to which the Company or any of its Subsidiaries is a party that requires such Letter of Credit or other similar security to be in place. True, correct and complete copies of the Letters of Credit have been made available to Parent.

(d) Section 3.7(d) of the Disclosure Letter contains a schedule prepared by the Company of the calculation of Net Working Capital as of the end of the accounting period set forth thereon (the "Net Working Capital Schedule"). The Net Working Capital Schedule was created from the underlying accounting records of the Company and its Subsidiaries and was prepared in the ordinary course consistent with past practice and the amounts reflected thereon are the same as the corresponding amounts that appear on such accounting records as of July 26, 2013.

(e) Neither the Company nor any of its Subsidiaries have any long term Liabilities to their customers that would be required to be reflected or reserved against on a consolidated balance sheet of the Company prepared in accordance with GAAP or in the notes thereto other than those reflected in the Balance Sheets.

3.8. No Undisclosed Liabilities. Neither the Company nor any of its Subsidiaries has any material Liabilities other than Liabilities (a) reflected or reserved against on the Financial Statements or the notes thereto, (b) incurred after the Balance Sheet Date in the ordinary course of business consistent with past practice, (c) as contemplated by this Agreement or otherwise in connection with the transactions contemplated hereby, (d) as set forth on Section 3.8 of the Disclosure Letter, (e) for future performance under Contracts to which the Company or one of its

Subsidiaries is a party or by which it is bound and under the Company Employee Plans (other than in each case Liabilities arising out of a violation thereof or any noncompliance therewith), and (f) arising with respect to subject matters specifically covered by other representations and warranties in this ARTICLE III.

3.9. Absence of Certain Changes. Since the Balance Sheet Date, (a) there have not been any events, occurrences, changes, developments or circumstances which would have, or reasonably be anticipated to have, a Company Material Adverse Effect, and (b) neither the Company nor any of its Subsidiaries has taken any action of the type referred to in Section 6.1.

3.10. Assets and Properties.

(a) The Company and its Subsidiaries have good and valid title to all of their respective material owned assets and properties (whether real, personal or mixed, or tangible or intangible) (including all owned assets and properties reflected on the Balance Sheets, other than assets and properties disposed of in the ordinary course of business since the Balance Sheet Date) free and clear of any Liens, other than Permitted Liens.

(b) Section 3.10(b) of the Disclosure Letter contains a true, correct and complete list of each lease or license pursuant to which the Company or any of its Subsidiaries leases or licenses the use of any personal property entered into (i) prior to the Balance Sheet Date that provides for annual rental payments of $250,000 or more and (ii) after the Balance Sheet Date that provides for annual rental payments of $100,000 or more (each, a "Personal Property Lease"). With respect to each Personal Property Lease: (a) such Personal Property Lease is valid and binding on the Company and any of its Subsidiaries party thereto and, to the Company's Knowledge, each other party thereto, and is in full force and effect, (b) there is no material breach or material default under such Personal Property Lease by the Company or any of its Subsidiaries or, to the Company's Knowledge, any other party thereto, (c) no event has occurred that with or without the lapse of time or the giving of notice or both would constitute a material breach or material default under such Personal Property Lease by the Company or any of its Subsidiaries or, to the Company's Knowledge, any other party thereto and (d) the Company or one of its Subsidiaries that is either the tenant or licensee named under such Personal Property Lease has a good and valid leasehold interest in the personal property that is subject to such Personal Property Lease and is in possession of the properties purported to be leased or licensed thereunder.

3.11. Real Property; Real Property Leases.

(a) Section 3.11(a) of the Disclosure Letter contains a true, correct, and complete list of all real estate owned by the Company or any of its Subsidiaries (the "Owned Real Property") including with respect to each parcel of Owned Real Property the street address, the beneficial owner and the current use of the property. With respect to each parcel of Owned Real Property: (a) the Company or one of its Subsidiaries has good and marketable indefeasible fee simple title to such Owned Real Property and to all of the buildings, structures and other improvements thereon free and clear of all Liens other than Permitted Liens, and (ii) there are no outstanding agreements, options, rights of first offer or rights of first refusal on the part of any Person to purchase such Owned Real Property.

(b) Section 3.11(b) of the Disclosure Letter contains a true, correct and complete list of each lease, sublease, license or similar agreement pursuant to which the Company or any of its Subsidiaries is lessee, sublessee or licensee of, or holds or operates, any real property owned by any third Person (the "Leased Real Property"), and any amendments, extensions or renewals thereto (each, a "Real Property Lease"). With respect to each Real Property Lease: (a) such Real Property Lease is valid and binding on the Company and any of its Subsidiaries party thereto and, to the Company's Knowledge, each other party thereto, and is in full force and effect, (b) there is no material breach or material default under such Real Property Lease by the Company or any of its Subsidiaries party thereto or, to the Company's Knowledge, any other party thereto, (c) no event has occurred that with or without the lapse of time or the giving of notice or both would constitute a material breach or material default under such Real Property Lease by the Company or any of its Subsidiaries party thereto or, to the Company's Knowledge, any other party thereto and (d) the Company or one of its Subsidiaries that is either the tenant or licensee named under such Real Property Lease has a good and valid leasehold interest in each parcel of real property that is subject to such Real Property Lease and is in possession of the properties purported to be leased or licensed thereunder. Except as expressly provided in the Real Property Leases, there are no security deposits under the Real Property Leases. The consummation of the transactions contemplated by this Agreement will not result in any loss or impairment of any of the Company's or its Subsidiaries' material rights, or require the delivery of notice to, or consent from, any Person, under any of the Real Property Leases.

(c) Neither the Company nor any of its Subsidiaries is a party to any lease that is required to be recorded as a capitalized lease under GAAP.

(d) The Real Property constitutes all of the real property that the Company and the Subsidiaries (or their Affiliates) own, lease, operate or sublease in connection with the operation of the Business. All public utilities, including water, sewer, gas, electric, telephone and drainage facilities, give adequate service to the Real Property, and each parcel of the Real Property has sufficient access to and from publicly dedicated streets for the conduct of the Business. True, correct and complete copies of (i) all deeds and other instruments (as recorded) by which the Company acquired the Owned Real Property, (ii) the Real Property Leases, and (iii) all title insurance policies, title opinions or commitments, surveys, abstracts, subordination, non-disturbance, and attornment agreements (SNDAs), and appraisals prepared, performed or entered into after April 5, 1999 that are in the Company or its Subsidiaries' possession with respect to the Real Property have been made available.

(e) (i) Since January 1, 2012 there have not been actual, threatened or imminent changes in the zoning of any parcel of the Real Property or any part thereof materially and adversely affecting the current use, occupancy or value thereof and (ii) there is no pending or, to the Knowledge of the Company, threatened condemnation, expropriation, requisition (temporary or permanent) or similar proceeding with respect to any parcel of Real Property or any part thereof that would impair the existing use of the Real Property. Except for the Permitted Liens, none of the Company or any of its Subsidiaries has assigned, transferred or pledged any interest in any of the Real Property.

(f) All buildings, structures, facilities and improvements located on the Real Property, including buildings, structures, facilities and improvements that are under construction

(collectively "Improvements") comply in all material respects with valid and current certificates of occupancy or similar permits to the extent required by law for the use thereof, and the Improvements and the conduct of the Business on the Real Property conform in all material respects with all requirements of Law.

3.12. Intellectual Property.

(a) Section 3.12(a) of the Disclosure Letter lists all Company Intellectual Property that is registered or pending with any Governmental Entity or authorized private registrar in any jurisdiction (collectively, "Intellectual Property Registrations"), including registered trademarks, domain names and copyrights, issued and reissued patents, patent rights and pending applications for any of the foregoing.

(b) The Company or one of its Subsidiaries owns all right, title and interest in and to the Company Intellectual Property, free and clear of Liens.

(c) To the Company's Knowledge, no Employees or current or former independent contractors of the Company or any of its Subsidiaries own any Intellectual Property relating to the Business developed or produced by such Employee or contractor while employed or engaged by the Company or any of its Subsidiaries.

(d) Section 3.12(d) of the Disclosure Letter lists all licenses, sublicenses and other agreements (other than those relating to off-the-shelf software generally available to the public) whereby the Company or any of its Subsidiaries is granted material rights, interests and authority, whether on an exclusive or non-exclusive basis, with respect to any Intellectual Property for which the Company or one of its Subsidiaries holds exclusive or non-exclusive rights or interests granted by or through a license from other Persons that is used in or necessary for the Business. All such agreements are valid, binding and enforceable between the Company or its Subsidiary party thereto and the other parties thereto, and the Company or such Subsidiary and such other parties are in compliance in all material respects with the terms and conditions of such agreements. The Company has made available true, correct and complete copies of all such agreements.

(e) To the Company's Knowledge, the Company Intellectual Property does not infringe the Intellectual Property of any third party and is not being infringed by any third party. Neither the Company nor any of its Subsidiaries is a party to any claim, suit or other action that challenges the validity, enforceability or ownership of, or the right to use, sell or license the Company Intellectual Property and, to the Company's Knowledge, no such claim, suit or other action is threatened against any the Company or any of its Subsidiaries.

3.13. Contracts.

(a) Section 3.13(a) of the Disclosure Letter lists all of the following Contracts (or group of related Contracts) to which the Company or any of its Subsidiaries are a party or by which any of them are bound that:

(i) during the year ended December 29, 2012 resulted in, or during the year ending December 28, 2013, is reasonably expected to result in, annual aggregate payments or revenue to the Company and its Subsidiaries of at least $250,000;

(ii) during the year ended December 29, 2012 resulted in, or during the year ending December 28, 2013 is reasonably expected to result in, annual aggregate payments or expenditures by the Company and its Subsidiaries of at least $500,000 and differs in any material respect from the form and content of the Company's standard form supplier agreement described in Section 3.13(a)(ii) of the Disclosure Letter;

(iii) is an employment agreement with any Employee or an independent contractor agreement with an independent contractor of the Company or any of its Subsidiaries that provides for annual compensation in excess of $100,000 or that cannot be terminated at will without penalty or on written notice of ninety (90) days or less or is a severance pay practice or agreement with respect to any Employee;

(iv) contains any covenant limiting the freedom of the Company or any of its Subsidiaries to engage in any line of business or in any geographic territory or to compete with any Person, or which grants to any Person any exclusivity to any geographic territory, any customer, or any product or service;

(v) involves future payments for capital expenditures in excess of $250,000 in the aggregate for any single project or related series of projects;

(vi) is not already fully performed or otherwise contains outstanding obligations, warranties or rights of the Company or any of its Subsidiaries relating to the direct or indirect acquisition or disposition of assets, capital stock or other ownership interest or any other interest in any business enterprise outside the ordinary course of the Company's or any of its Subsidiaries' businesses;

(vii) relates to Indebtedness for borrowed money by the Company or any of its Subsidiaries;

(viii) is a joint venture, partnership, strategic alliance or other Contract involving the sharing of profits, losses, costs or liabilities with any Person;

(ix) grants any so-called "most favored nation" or similar rights;

(x) is with any current or former director, officer or employee of the Company or any of its Subsidiaries or any Stockholder or any Affiliate of any Stockholder or pursuant to which the Company or any of its Subsidiaries has advanced or loaned any amount to any such Person, other than business travel advances in the ordinary course of business consistent with past practice in amounts less than $10,000;

(xi) would or would reasonably be likely to prohibit or materially delay the Merger or the other transactions contemplated hereby or that would accelerate payment obligations, performance deadlines, or modify or accelerate any other material obligation due to the Merger or the other transactions contemplated hereby;

(xii) restricts the ability of the Company or any of its Subsidiaries to assert any legal proceedings against any Person; or

(xiii) is with a Governmental Entity;

(b) Each Contract that is required to be listed on Section 3.13(a) of the Disclosure Letter, (each, a "Material Contract") is valid and binding on the Company and any of its Subsidiaries party thereto and, to the Company's Knowledge, the other parties thereto, and is in full force and effect and, except for those Material Contracts that by their terms will expire prior to the Closing, will continue in full force and effect after the Closing, in each case without the Consent of any other Person other than the Consents set forth on Section 3.5 of the Disclosure Letter. There is no material breach or material default under any Material Contract by the Company or any of its Subsidiaries party thereto or, to the Company's Knowledge, any other party thereto and no event has occurred that with or without the lapse of time or the giving of notice or both would constitute a material breach or material default under any Material Contract by the Company or any of its Subsidiaries party thereto or, to the Company's Knowledge, any other party thereto. The Company has made available true, correct and complete copies of each Material Contract.

3.14. Litigation. There are no material Legal Actions pending or, to the Company's Knowledge, threatened against or naming as a party thereto the Company or any of its Subsidiaries, any of their respective properties or assets or any of their employees, officers, directors or managers in their capacity as such. None of the Company, any of its Subsidiaries, or their respective properties is subject to any Judgment that materially impairs the Company's or such Subsidiary's ability to operate the Business or that requires any future payments. Neither the Company nor any of its Subsidiaries are party to any Contract or subject to any Judgment that relates to any settlement involving future payments or providing behavioral remedies or admissions of criminal conduct.

3.15. Compliance with Laws; Permits.

(a) The Company and each of its Subsidiaries are, and since January 1, 2009, have been, in material compliance with all Applicable Laws. Since January 1, 2009, neither the Company, nor any of its Subsidiaries has received any written, or to the Company's Knowledge, verbal notice or follow-up communication from any Governmental Entity regarding any actual, alleged, or potential (i) non-routine administrative, civil or criminal investigation, inquiry or audit (other than Tax audits) relating to the Company or any of its Subsidiaries, or (ii) noncompliance with any Applicable Law or Judgment.

(b) All material Permits required for the Company and its Subsidiaries to conduct the Business have been obtained and are valid and in full force and effect. All fees and charges with respect to such Permits have been paid in full. Section 3.15(b) of the Disclosure Letter lists all current material Permits issued to the Company and its Subsidiaries, including the names of the Permits and their respective dates of issuance and expiration. Neither the transactions contemplated by this Agreement nor any other event has occurred that, with or without notice or lapse of time or both, would or would reasonably be expected to result in the

revocation, suspension, lapse or limitation of any Permit set forth on Section 3.15(b) of the Disclosure Letter.

3.16. Insurance. Section 3.16 of the Disclosure Letter sets forth all material insurance policies covering the assets, business, equipment, properties, operations, Employees, directors or managers (as applicable), and officers of the Company or any of its Subsidiaries. There is no claim by the Company or any of its Subsidiaries pending under any of such policies as to which coverage has been questioned, denied or disputed or that the Company has a reason to believe will be denied or disputed by the underwriters of such policies or bonds and there is no pending claim that will exceed the policy limits. All premiums due and payable under all such policies and bonds have been paid (or if installment payments are due, will be paid if incurred prior to the Closing) and the Company and its Subsidiaries are otherwise in material compliance with the terms of such policies.

3.17. Environmental Matters.

(a) The Company and its Subsidiaries (i) are in compliance in all material respects with all applicable Environmental Laws and with the terms and conditions of all Licenses required under applicable Environmental Laws (all of which are set forth on Section 3.15(b) the Disclosure Letter), and (ii) have not received any written notice from any Governmental Entity or other Person of any pending investigations or actual or threatened liabilities of the Company or any of its Subsidiaries under any applicable Environmental Laws

(b) No real property currently or formerly owned, operated or leased by the Company or any of its Subsidiaries is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or, to the Company's Knowledge, any similar state list.

(c) Neither the Company nor any of its Subsidiaries has received any notice that any of the Real Property (including soils, groundwater, surface water, buildings and other structure located on any Real Property) has been contaminated with, or impacted by, any Hazardous Material that could reasonably be expected to result in an material Environmental Claim against, or a material violation of Environmental Law or term of any material Permit by, the Company or any of its Subsidiaries.

(d) There are no active or abandoned aboveground or underground storage tanks owned or operated by the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has received any notice regarding potential Liabilities with respect to any off site Hazardous Materials treatment, storage, recycling, or disposal facilities or locations used by the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has retained or assumed, by contract or operation of Law, any Liabilities of third parties under Environmental Law.

(e) The Company has made available any and all environmental reports, studies, audits, site assessments, risk assessments, remedial activities and other similar documents with respect to the business or assets of the Company or any of its Subsidiaries that are in the possession or control of the Company or any of its Subsidiaries related to compliance

with Environmental Laws, Environmental Claims (including any related notices) or the Release of Hazardous Materials.

3.18. Employment Matters.

(a) The Company has made available to Parent a list of all full or part-time Key Employees and such list also sets forth for each such Key Employee the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; and (v) commission, bonus or other incentive-based compensation.

(b) Neither the Company nor any of its Subsidiaries is, or has been, a party to any Contract regarding collective bargaining or other Contract with or to any labor union, association, trade union, works council or labor organization (collectively, "Union") representing any employee of the Company or any of its Subsidiaries, nor does any Union or collective bargaining agent represent any Employee. No Union or other collective bargaining agent has been recognized or certified as the collective bargaining representative of any group or unit of Employees. There are no unfair labor practice charges or complaints pending or, to the Company's Knowledge, threatened, against the Company or any of its Subsidiaries. Since January 1, 2009, there has not been any labor strike, slow-down, work stoppage, walk-out, boycott, corporate campaign, "work to rule" campaign, handbilling, picket, arbitration or other concerted labor activity involving the Company or any of its Subsidiaries, and no such labor strike, slow-down, work stoppage, walk-out, boycott, corporate campaign, "work to rule" campaign, handbilling, picket, arbitration or other concerted labor activity is now pending or, to the Company's Knowledge, threatened, against the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has any duty to bargain with any Union. Neither the Company nor any of its Subsidiaries is or, since January 1, 2009, has been the subject of any organizational efforts, or threatened organizational efforts, by any Union or other collective bargaining association with respect to any Employee.

(c) The Company and each of its Subsidiaries is and has been in compliance in all material respects with all Applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, unfair labor practices, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, affirmative action, immigration, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, posting requirements, working conditions, meal and break periods, rest periods, labor relations, data privacy, data protection, privacy, reductions in force, plant closings, mass layoffs, pay equity, health and safety, workers' compensation, leaves of absence, unemployment insurance, and the collection and payment of withholding and/or social security taxes and other applicable taxes, or any other employment related matter arising under Applicable Laws.

(d) There are no Legal Actions against the Company or any of its Subsidiaries pending, or to the Company's Knowledge, threatened to be brought or filed, by or with any Governmental Entity or arbitrator in connection with the employment of any current or former applicant, employee, consultant or independent contractor of the Company or any of its Subsidiaries, including any Legal Action relating to labor relations, unfair labor practices, equal

employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, affirmative action, immigration, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, posting requirements, working conditions, meal and break periods, rest periods, labor relations, data privacy, data protection, privacy, reductions in force, plant closings, mass layoffs, pay equity, health and safety, workers' compensation, leaves of absence, unemployment insurance, and the collection and payment of withholding and/or social security taxes and other applicable taxes, or any other employment related matter arising under Applicable Laws.

(e) All individuals characterized and treated by the Company as independent contractors or consultants are properly treated as independent contractors under all Applicable Laws. All Employees classified as exempt under the Fair Labor Standards Act and Applicable Law regarding wages and hours are properly classified as such. Neither the Company nor any of its Subsidiaries has incurred any liability or potential liability under the Fair Labor Standards Act or Applicable Law regarding wages and hours. Each nonexempt Employee under the Fair Labor Standards Act and Applicable Law regarding wages and hours has been paid all overtime compensation consistent with Applicable Laws.

(f) Since January 1, 2009, neither the Company nor any of its Subsidiaries has implemented any plant closing or layoff of employees that could implicate the WARN Act, and neither Company nor its Subsidiaries has any plans to undertake any action in the future that would trigger the WARN Act.

(g) Neither the Company nor any of its Subsidiaries employ or utilize leased employees.

(h) Neither the Company nor any of its Subsidiaries are (i) a government contractor subject to the provisions of Executive Order 11246 and similar or related state and local Laws or (ii) party to any Contract that constitutes or relates to an affirmative action plan or program as defined by Executive Order 11246 or similar or related state and local Laws.

(i) To the Company's Knowledge, no executive, manager, Key Employee, or group of Employees, has given any notice of termination of employment, or notice of any intent to terminate employment, with the Company or any of its Subsidiaries.

3.19. Employment Benefit Plans.

(a) Section 3.19(a) of the Disclosure Letter sets forth a true, correct and complete list of each existing Company Employee Plan. None of the Company Employee Plans is subject to Title IV of ERISA or Section 412 of the Code and neither the Company, any of its Subsidiaries nor any ERISA Affiliate has, during any time in the six (6)-year period preceding the Closing Date, contributed to, sponsored, maintained or administered any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA that is or was subject to Title IV of ERISA or Section 412 of the Code. None of the Company, any of its Subsidiaries or any Affiliate is required, or has during any time in the six (6)-year period preceding the Closing Date been required, to contribute to or has incurred any withdrawal liability in respect of any

"multiemployer plan" (as defined in Section 4001(a)(3) of ERISA). Each Company Employee Plan (and each related trust, insurance contract or fund) is, and has been administered and operated, in compliance in all material respects with its terms and with all Applicable Law. There are no pending or, to the Company's Knowledge, threatened, claims by or on behalf of any of the Company Employee Plans, by any employee or beneficiary covered under any such Company Employee Plan, or otherwise involving any such Company Employee Plan (other than ordinary course claims for benefits). Neither the Company nor any of its Subsidiaries is a party to or participates in or contributes to any scheme, agreement, or arrangement (whether legally enforceable or not) for the provision of any pension, retirement or similar benefits for any Employee or for the widow, widower, surviving civil partner, child or dependent of any Employee.

(b) With respect to each Company Employee Plan, the Company has made available true, correct and complete copies of each of the following: (i) where the Company Employee Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Company Employee Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Company Employee Plan; (v) in the case of any Company Employee Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service; (vi) in the case of any Company Employee Plan for which a Form 5500 is required to be filed, a copy of the most recently filed Form 5500, with schedules attached; (vii) actuarial valuations and reports related to any Company Employee Plans with respect to the two (2) most recently completed plan years; and (viii) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor or Pension Benefit Guaranty Corporation relating to the Company Employee Plan.

(c) Each Company Employee Plan has been established, administered and maintained in accordance with its terms and in material compliance with all Applicable Laws (including ERISA and the Code). Each Company Employee Plan that is intended to be qualified under Section 401(a) of the Code (a "Qualified Benefit Plan") is so qualified and has received a favorable and current determination letter from the Internal Revenue Service, or with respect to a prototype plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code. There is no pending or, to the Company's Knowledge, threatened Legal Proceeding (i) relating to the revocation of any such determination letter from the Internal Revenue Service or the unavailability of reliance on such opinion letter from the Internal Revenue Service or (ii) that could subject the Company or any of its Subsidiaries to a penalty under Section 502 of ERISA or to a tax or penalty under Section 4975 of the Code. All benefits, contributions and premiums relating to each Company Employee Plan have been timely paid in accordance with the terms of such Company Employee Plan and all Applicable Laws and

accounting principles, and all benefits accrued under any unfunded Company Employee Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with, GAAP.

(d) Neither the Company nor any of its ERISA Affiliates has (i) incurred or reasonably expects to incur, either directly or indirectly, any material Liability under Title I or Title IV of ERISA or related provisions of the Code or foreign Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) withdrawn from any Qualified Benefit Plan; or (iv) engaged in any transaction which would give rise to Liability under Section 4069 or Section 4212(c) of ERISA.

(e) With respect to each Company Employee Plan (i) no such plan is a "multiple employer plan" within the meaning of Section 413(c) of the Code or a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA); (ii) no Legal Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iii) no such plan is subject to the minimum funding standards of Section 302 of ERISA or Section 412 of the Code and no Company Employee Plan has failed to satisfy the minimum funding standards of Section 302 of ERISA or Section 412 of the Code; and (iv) no "reportable event," as defined in Section 4043 of ERISA, has occurred with respect to any such Company Employee Plan.

(f) Except as required by Applicable Law, no provision of any Company Employee Plan or collective bargaining agreement could reasonably be expected to result in any limitation on the Surviving Corporation or any of its Affiliates from amending or terminating any Company Employee Plan.

(g) Except as required under Section 601 et. seq. of ERISA or other Applicable Law, no Company Employee Plan provides post-termination or retiree welfare benefits to any individual for any reason, and neither the Company, any of its Subsidiaries nor any of its ERISA Affiliates has any Liability to provide post-termination or retiree welfare benefits to any individual or ever represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree welfare benefits.

(h) There is no pending or, to the Company's Knowledge, threatened Legal Action relating to a Company Employee Plan (other than routine claims for benefits), and no Company Employee Plan has since January 1, 2009 been the subject of an examination or audit by a Governmental Entity or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Entity.

(i) There has been no amendment to, announcement by the Company or any of its Affiliates relating to, or change in employee participation or coverage under, any Company Employee Plan or collective bargaining agreement that would materially increase the annual expense of maintaining such plan above the current level of expense with respect to any director, officer or employee, as applicable.

(j) Section 3.19(j) of the Disclosure Letter lists each agreement, contract, plan or other arrangement (whether or not written and whether or not a Company Employee Plan) to which the Company or any of its Affiliates is a party that is a "nonqualified deferred compensation plan" within the meaning of Code Section 409A and the Treasury Regulations promulgated thereunder. Each such nonqualified deferred compensation plan complies with and has been operated and administered in accordance with the requirements of Code Section 409A, the Treasury Regulations promulgated thereunder and any other Internal Revenue Service guidance issued thereunder. As of immediately prior to the Effective Time, each outstanding Stock Option is exempt from Code Section 409A.

(k) Each individual who is classified by the Company or one of its Subsidiaries as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Company Employee Plan.

(l) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee of the Company or any of its Subsidiaries to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting of, or increase the amount of, compensation due to any such individual; (iii) limit or restrict the right of the Company to merge, amend or terminate any Company Employee Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Company Employee Plan; or (v) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code that have not previously been disclosed to Parent.

3.20. Taxes.

(a) The Company and each of its Subsidiaries has timely filed all material Tax Returns required to be filed by it. All such Tax Returns were true, correct and complete in all material respects and all Taxes due and owing by the Company and each of its Subsidiaries (whether or not shown on any such Tax Return) have been paid or adequate reserves therefor have been established on the Balance Sheets in accordance with GAAP. The Company has made available true, correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Company or any of its Subsidiaries filed or received since January 1, 2009.

(b) Neither the Company nor any of its Subsidiaries has received from any foreign, federal, state, or local taxing authority (including jurisdictions where the Company has not filed Tax Returns) any (i) written notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against the Company or any of its Subsidiaries that has not been resolved. The Company has disclosed on its or its Subsidiaries' federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662. No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company or any of its Subsidiaries.

(c) There is no audit, examination, claim, assessment, levy, deficiency, administrative or judicial proceeding, lawsuit or refund Legal Action pending or, to the Company's Knowledge, threatened, with respect to any Taxes for which the Company or any of its Subsidiaries are, or might otherwise be, liable, and no taxing authority has given notice of the commencement of any audit, examination or deficiency Legal Action with respect to any such Taxes. The Company has made available to Parent true, correct and complete copies of all examination reports, closing agreements and statements of deficiencies assessed against or agreed to by the Company or any of its Subsidiaries filed or received. There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any claim for, or the period for the collection or assessment of, Taxes of the Company or any of its Subsidiaries due for any taxable period.

(d) Neither the Company nor any of its Subsidiaries are liable, nor does the Company nor any of its Subsidiaries have any potential Liability, for the Taxes of another Person (i) under any applicable Tax Law, or (ii) by Contract, indemnity or otherwise.

(e) The Company and its Subsidiaries have withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of Applicable Law.

(f) All deficiencies asserted, or assessments made, against the Company or any of its Subsidiaries as a result of any examinations by any taxing authority have been fully paid.

(g) There are no Liens for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company or any of its Subsidiaries.

(h) Neither the Company nor any of its Subsidiaries is a party to, or bound by, any Tax indemnity, Tax-sharing or Tax allocation agreement.

(i) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to the Company or any of its Subsidiaries.

(j) Neither the Company nor any of its Subsidiaries has been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes other than the current consolidated group of which the Company is the parent.

(k) Neither the Company nor any of its Subsidiaries has agreed to make, nor is it required to make, any adjustment under Sections 481(a) or 263A of the Code or any comparable provision of state, local or foreign Tax Laws by reason of a change in accounting method or otherwise. Neither the Company nor any of its Subsidiaries has taken any action that could defer a Liability for Taxes of the Company or any of its Subsidiaries from any Pre-Closing Tax Period to any Post-Closing Tax Period.

(l) Neither the Company nor any of its Subsidiaries is a U.S. real property holding company (as defined in Section 897(c)(2) of the Code) during the applicable period

specified in Section 897(c)(1)(A)(ii) of the Code. No Stockholder is a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2.

(m) Neither the Company nor any of its Subsidiaries has been a "distributing corporation" or a "controlled corporation" in connection with a distribution described in Section 355 of the Code.

(n) Neither the Company nor any of its Subsidiaries is, or has been, a party to, or a promoter of, a "reportable transaction" or any "listed transaction," as defined in the Code or Treasury Regulations.

(o) Neither the Company nor any of its Subsidiaries is a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local or foreign Tax law).

(p) Neither the Company nor any of its Subsidiaries owns an interest in any (i) domestic international sales corporation, (ii) foreign sales corporation, or (iii) passive foreign investment company, each within the meaning of the Code.

3.21. Ownership of Assets. All of the buildings, plants, structures, furniture, fixtures, Improvements, machinery, equipment, vehicles and other items of tangible and intangible personal property owned or leased by the Company and its Subsidiaries constitute all of the tangible and intangible personal property used by the Company and its Subsidiaries to conduct the business and operations of the Company and its Subsidiaries. The disclosures set forth on Section 3.21 of the Disclosure Letter shall not have any effect or be deemed an exception to this Section 3.21 for purposes of ARTICLE IX.

3.22. Customers; Suppliers. Section 3.22 of the Disclosure Letter sets forth the names of the Company's and its Subsidiaries' (a) ten (10) largest customers, measured by dollar volume of sales (during each of calendar year 2012 and 2013 to date) and (b) twenty (20) largest suppliers, measured by dollar volume of purchases (during each of calendar year 2012 and 2013 to date). No customer or supplier set forth or required to be set forth on Section 3.22 of the Disclosure Letter has provided written or, to the Company's Knowledge, oral notice of such customer's or supplier's intention to cease or substantially reduce the use or supply of products, goods, or services of or to the Business. Since the Balance Sheet Date and through the date of this Agreement, there has not been any discontinuance of, or material change in, the discount to "jobber" pricing for any applicable products or services supplied or provided by any supplier set forth or required to be set forth on Section 3.22 of the Disclosure Letter and no such supplier has provided any written, or to the Company's Knowledge, oral notice of any such discontinuance or material change.

3.23. Bank Accounts; Powers of Attorney.

(a) Section 3.23(a) of the Disclosure Letter sets forth a true, correct and complete list of (including name of bank, address, account number and title) of all bank accounts and safe deposit boxes utilized by the Company and its Subsidiaries and persons authorized to sign or otherwise act with respect thereto.

(b) Section 3.23(b) of the Disclosure Letter sets forth a complete and correct list of all Persons holding a general or special power of attorney granted by the Company or any of its Subsidiaries.

3.24. Interested Party Transactions. No officer, director, employee, stockholder or Affiliate of the Company or any of its Subsidiaries, or, to the Company's Knowledge, any individual related by blood, marriage or adoption to any such individual, or, to the Company's Knowledge, any entity in which any such Person or individual owns any material beneficial interest, (a) is a party to any Contract or transaction with the Company or any of its Subsidiaries (other than employment agreements included in the Material Contracts or the ownership of Equity Interests in the Company as set forth on Sections 3.3(a), 3.3(b) and 3.3(c) of the Disclosure Letter), (b) has any direct legal interest in any tangible or intangible asset or property used by the Company or its Subsidiaries, (c) has any direct or indirect ownership interest in any Person with which the Company or any of its Subsidiaries has a business relationship or any Person that competes with the Company or any of its Subsidiaries except for stock ownership of less than three percent (3%) in publicly traded companies or Contracts entered into in the ordinary course of business consistent with past practice on non-exclusive arm's length terms with a portfolio company of a Stockholder Party, or (d) is directly or indirectly indebted to the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries is indebted (or committed to make loans or extend or guarantee credit) to any such Person, whether directly or indirectly.

3.25. Brokers' and Finders' Fees. Except for the fees and expenses of Robert W. Baird & Co. Incorporated and UBS Securities, LLC, which will be paid at Closing as Transaction Expenses, no investment banker, broker, finder or other intermediary is entitled to any fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made on behalf of the Company or any of its Subsidiaries.

3.26. No Other Representations. Except for the representations and warranties made in this ARTICLE III or in ARTICLE IV or in the Transaction Documents, neither the Company, any Stockholder Party nor any other Person (including any Subsidiary, any Equityholder or any director, officer, manager, employee, Affiliate, advisor, agent or other representative of the Company, any Subsidiary or any Equityholder) makes or has made to Parent or any other Person any representation or warranty, express or implied, relating or with respect to this Agreement, the transactions contemplated thereby, the Company or its Subsidiaries or their business, operations, properties, and liabilities or obligations, whether arising by statute or otherwise in law, including any implied warranty of merchantability, fitness for a particular purpose or otherwise. Except in the case of fraud or willful misconduct, neither the Company, any Subsidiary, any Equityholder nor any of their respective stockholders, directors, officers, managers, employees, Affiliates, advisors, agents or other representatives, will have or be subject to any liability to Parent or any other Person resulting from the use by Parent or its Representatives of any financial information, financial projections, forecasts, budgets or any other document or information furnished to Parent or any other Person (including information in the "data site" maintained by the Company or provided in any formal or informal management presentation); provided, however, that the foregoing is not intended to limit Parent's or the Surviving Corporation's rights to recovery set forth in Article IX based on any breach of any of the representations and warranties expressly made by the Company in this ARTICLE III.

ARTICLE IV
REPRESENTATIONS AND WARRANTS OF THE STOCKHOLDER PARTIES

Each Stockholder Party hereby represents and warrants as to itself, himself or herself to Parent and Merger Sub as of the date of this Agreement and as of the Closing as follows:

4.1. Organization and Qualification of Stockholder Party. Such Stockholder Party is duly organized, validly existing and in good standing (to the extent applicable) under the Laws of its jurisdiction of incorporation or formation. Such Stockholder Party has all requisite power and authority to own its properties and to carry on its business as now being conducted and is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing, holding or use of its properties makes such qualification necessary, except such jurisdictions where the failure to be so qualified or licensed or in good standing would not have a Stockholder Material Adverse Effect.

4.2. Ownership. Section 3.3(a) of the Disclosure Letter sets forth for such Stockholder Party the Equity Securities of the Company held of record by such Stockholder Party. Such Stockholder Party has valid and marketable title to all such Equity Securities free and clear of any Liens.

4.3. Authority. Such Stockholder Party has all requisite power and authority to execute and deliver this Agreement and to perform all of such Stockholder Party's obligations hereunder. The execution, delivery and performance by such Stockholder Party of this Agreement and the consummation of the transactions contemplated to be performed by such Stockholder Party under this Agreement have been duly authorized by all necessary and proper corporate action on the part of such Stockholder Party. This Agreement constitutes the legal, valid and binding obligation of such Stockholder Party, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or affecting the enforcement of creditors' rights in general and by general principles of equity.

4.4. No Conflict. The execution, delivery or performance by such Stockholder Party of this Agreement, the consummation by such Stockholder Party of the transactions contemplated hereby and the compliance by such Stockholder Party with the terms, conditions and provisions hereof does not and will not, with or without the giving of notice or the lapse of time or both, conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under (a) such Stockholder Party's Constitutional Documents, each as amended to date; (b) any of the terms, conditions or provisions of any material Contract with such Stockholder Party; or (c) any Law, License, Judgment, or other requirement to which such Stockholder Party or any of such Stockholder Party's properties or assets, are subject.

4.5. No Legal Actions. There is no Legal Action pending or, to the knowledge of such Stockholder Party, threatened, against or affecting such Stockholder Party or any of such Stockholder Party's properties or assets that could reasonably be expected to have a Stockholder Material Adverse Effect.

4.6. Brokers' and Finders' Fees. Except as set forth in Section 3.25, no investment banker, broker, finder or other intermediary is entitled to any fee or commission payable by the Company in connection with the transactions contemplated by this Agreement based on arrangements made on behalf of such Stockholder Party.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub hereby represent and warrant to the Company as of the date of this Agreement and as of the Closing as follows:

5.1. Organization of Parent and Merger Sub. Parent and Merger Sub are each corporations duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each of Parent and Merger Sub has all requisite corporate power and authority to own its properties and to carry on its business as now being conducted and is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing, holding or use of its properties makes such qualification necessary, except such jurisdictions where the failure to be so qualified or licensed or in good standing would not have a Parent Material Adverse Effect.

5.2. Authority. Each of Parent and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder. The execution, delivery and performance by each of Parent and Merger Sub of this Agreement and the consummation of the transactions contemplated to be performed by them under this Agreement have been duly authorized by all necessary and proper corporate action on its part. This Agreement constitutes the legal, valid and binding obligation of Parent and Merger Sub, enforceable against them in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or affecting the enforcement of creditors' rights in general and by general principles of equity.

5.3. No Conflict. The execution, delivery or performance by Parent and Merger Sub of this Agreement, the consummation by Parent and Merger Sub of the transactions contemplated hereby and the compliance by Parent and Merger Sub with the terms, conditions and provisions hereof does not and will not, with or without the giving of notice or the lapse of time or both, (a) conflict with Parent's or Merger Sub's respective Constitutional Documents, each as amended to date, or (b) result in a material breach of the terms, conditions or provisions of, or constitute a material default, a material event of default or an event creating rights of acceleration, termination or cancellation or a loss of material rights under (i) any of the terms, conditions or provisions of any material Contract with Parent or Merger Sub, or (ii) any Law, License, Judgment or other requirement to which Parent or Merger Sub, or any of their respective properties or assets are subject.

5.4. Consents; Stockholder Approval. No consent, waiver, approval, Judgment or authorization of, or registration, declaration or filing with, or notice to any Governmental Entity or other Person is required by, or with respect to, Parent or Merger Sub in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (a) the affirmative vote of Parent, as the sole stockholder of Merger Sub,

which shall be given immediately following the execution of this Agreement, (b) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (c) notices and filings as may be required under the HSR Act and (d) any filings that are required under any applicable federal or state securities Laws. Without limiting the generality of the foregoing, no vote or consent of the holders of any class or series of capital stock of Parent is necessary to approve this Agreement or the Merger.

5.5. No Legal Actions. There is no Legal Action pending or, to the knowledge of Parent, threatened, against or affecting Parent or Merger Sub or any of their properties or assets that could reasonably be expected to have a Parent Material Adverse Effect.

5.6. Ownership and Activities of Merger Sub. Parent owns all of the issued and outstanding shares of capital stock of Merger Sub. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated by this Agreement and, except for obligations or liabilities incurred in connection with its incorporation or organization and the transactions contemplated by this Agreement, Merger Sub has not incurred, directly or indirectly, any obligations or liabilities or engaged in any business activities of any type or kind whatsoever or entered into any agreements or arrangements with any Person.

5.7. Financing. Parent has, as of the date of this Agreement, and will have at the Effective Time, sufficient funds and/or the ability to borrow sufficient funds to pay the amounts required to be paid by Parent pursuant to Sections 2.3, 2.4 and 2.5 and to pay all related fees and expenses to be paid by Parent at Closing. Parent's and Merger Sub's obligations under this Agreement are not subject to any condition regarding Parent's or Merger Sub's ability to obtain financing to enable Parent to meet its obligations hereunder.

5.8. Solvency. Assuming the satisfaction of the conditions set forth in Section 7.2(a), immediately after giving effect to the consummation of the Merger and the other transactions contemplated by this Agreement, the Surviving Corporation (on a consolidated basis with its Subsidiaries) (i) will be able to pay its debts (including a reasonable estimate of the amount of all contingent liabilities) as they become due and payable, (ii) will own property which has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities), and (iii) will have adequate capital to carry on its business. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud current creditors of the Company or any of its Subsidiaries, or creditors of the Surviving Corporation or any of its Subsidiaries.

5.9. Acknowledgment. Parent and Merger Sub acknowledge that (a) except for the representations and warranties made by the Company in ARTICLE III or in any Transaction Documents, neither the Company nor any other Person (including any Subsidiary, any Equityholder or any director, officer, manager, employee, Affiliate, advisor, agent or other representative of the Company, any Subsidiary or any Equityholder) makes or has made to Parent or any other Person any representation or warranty, express or implied, relating or with respect to this Agreement, the transactions contemplated thereby, the Company or its Subsidiaries or their business, operations, properties, and liabilities or obligations, whether

arising by statute or otherwise in law, including any implied warranty of merchantability, fitness for a particular purpose or otherwise.

5.10. Brokers' and Finders' Fees. No investment banker, broker, finder or other intermediary is entitled to any fee or commission payable by the Company or any Equityholder in connection with the transactions contemplated by this Agreement based on arrangements made on behalf of Parent or Merger Sub.

5.11. No Other Representations. Except for the representations and warranties contained in this ARTICLE V or in any other Transaction Document, neither Parent nor Merger Sub, nor any other Person acting on their behalf, makes or has made any representation or warranty, express or implied. Neither Parent nor Merger Sub has made any representation or warranty, expressed or implied, as to the accuracy or completeness of any information regarding Parent or Merger Sub or otherwise, other than those representations and warranties expressly made in this ARTICLE.

ARTICLE VI
COVENANTS

6.1. Conduct of Business. Until the earlier to occur of the Closing and the termination of this Agreement in accordance with its terms, except as (a) expressly contemplated by this Agreement, (b) set forth on Section 6.1 of the Disclosure Letter, or (c) consented to in writing by Parent (which consent shall not be unreasonably withheld or delayed), the Company shall, and shall cause each of its Subsidiaries to (1) carry on their respective businesses in the ordinary course in all material respects consistent with past practice, (2) use commercially reasonable efforts to keep its business and operations intact, retain its present officers and employees and preserve its material rights, franchises, goodwill and relations with its clients, customers, lessors, suppliers and others with whom it does business so that they will be preserved after the Closing, (3) use commercially reasonable efforts to conduct their business in material compliance with all Applicable Laws, and (4) use commercially reasonable efforts to conduct their business in accordance with the terms and conditions of any Material Contract. Without limiting the generality of the foregoing, except as (a) expressly contemplated by this Agreement, (b) set forth on Section 6.1 of the Disclosure Letter or (c) consented to in writing by Parent, the Company shall not, and shall not permit any of its Subsidiaries to directly or indirectly:

(i) amend the Company's or any of its Subsidiaries' respective Constitutional Documents or any of their outstanding securities;

(ii) declare or set aside any dividend that is not paid prior to the Closing;

(iii) adjust split, combine, subdivide or reclassify any Equity Interests of the Company or any of its Subsidiaries;

(iv) except for the issuance of the Reserved Equity Interests, a true and complete list of which, as of the date of this Agreement, has been made available to Parent, and as provided in the Company Equity Incentive Plan, authorize for issuance, issue, sell, deliver, transfer, dispose of or encumber or agree or commit to any such actions, any Equity Interests in

the Company or any of its Subsidiaries, or any security convertible into, exchangeable for, or evidencing the right to subscribe for or acquire, any Equity Interests in the Company or any of its Subsidiaries;

(v) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire any Equity Interest of the Company or any of its Subsidiaries;

(vi) sell, lease, transfer, license, mortgage, pledge or otherwise dispose of or encumber, except for any Permitted Liens, any of the properties or assets (including Equity Interests of any Person) of the Company or any of its Subsidiaries other than sales of properties or assets (other than Equity Securities in any Subsidiaries of the Company) with a fair market value of less than $250,000 in the ordinary course of business consistent with past practice;

(vii) make or commit to make any capital expenditures in excess of $50,000 in the aggregate;

(viii) acquire or agree to acquire any business or Person in any manner, including by merging or consolidating with such business or Person, or acquiring or agreeing to acquire the Equity Interests or assets of such business or Person;

(ix) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries;

(x) change its auditor or change its methods of accounting in effect as of the date of this Agreement except as required by changes in GAAP;

(xi) make, change or revoke any material Tax election, amend any material Tax Return, settle or compromise any material income Tax liability, Tax claim or Tax assessment, adopt or change any of its methods of accounting with respect to Taxes, enter into any closing agreement, settle, compromise or consent to any Tax claim, take any affirmative action to surrender any right to claim a refund of Taxes, or consent to any extension or waiver of the limitation period applicable to any Tax claim;

(xii) settle, pay, discharge or compromise, or agree to settle, pay, discharge or compromise, any Legal Action, except for any such settlement or compromise in the ordinary course of business consistent with past practice that is not material to the operations or financial condition of the Company and its Subsidiaries taken as a whole and does not include any equitable relief applicable to any period of time after the Closing;

(xiii) (i) enter into, amend, modify or renew any Contract regarding employment, consulting, severance or similar arrangements with any of its directors or officers or Key Employees, (ii) grant any salary, wage or other increase in compensation to any Key Employee or to any other Employees other than in the ordinary course of business consistent with past practice, or (iii) modify any employee benefit under a Company Employee Plan except as may be required by Law, provided that the Company may take all actions necessary to terminate or cause to lapse, immediately prior to the Effective Time, any repurchase rights of the Company that remain applicable to any shares of Common Stock;

(xiv) pay any severance or termination pay to any officers, directors or managers (as applicable), or employees of the Company or any of its Subsidiaries other than in the ordinary course of business consistent with past practice or as required by Contracts existing as of the date of this Agreement;

(xv) establish, adopt, enter into, or terminate any Company Employee Plan other than as required by this Agreement.

(xvi) enter into any material transaction or arrangement with, or for the benefit of, any Affiliate or any directors, former directors, officers or stockholders of any Affiliate;

(xvii) hire or terminate any Key Employee;

(xviii) effect or permit a "mass layoff" or "plant closing" as those terms are defined under the WARN Act or engage in any action or conduct that triggers application of the WARN Act;

(xix) recognize any labor union or any other association as the bargaining representative of the Employees;

(xx) enter into any collective bargaining agreement, or negotiations for a collective bargaining agreement, with any labor union or other association with respect to the Employees;

(xxi) enter into any agreement or arrangement that limits or otherwise restricts the Company or any of its Subsidiaries or any of their present or future Affiliates or any successor thereto from engaging or competing in any line of business and/or in any location;

(xxii) enter into, amend, modify or terminate any Material Contract or Real Property Lease or otherwise waive, release or assign any material rights, claims or benefits thereunder, except with respect to Material Contracts disclosed or required to be disclosed under clauses (i), (ii), (v), or (vii) of Section 3.13(a) of the Disclosure Letter in the ordinary course of business consistent with past practice;

(xxiii) do any act or knowingly omit to do any act whereby any material Company Intellectual Property may become invalidated, abandoned, unmaintained, unenforceable or dedicated to the public domain;

(xxiv) fail to maintain in full force and effect any policies or binders of insurance coverage in effect as of the date hereof; or

(xxv) agree, authorize or commit to do any of the foregoing.

6.2. Access to Information; Confidentiality. Until the earlier to occur of the Closing and the termination of this Agreement in accordance with its terms, Parent and its Representatives (including any financing sources and their respective representatives) shall continue to have reasonable access during normal business hours to the facilities, books and

records (consistent with Applicable Law regarding privacy) of the Company and its Subsidiaries to conduct such inspections (including non-invasive environmental due diligence activities) as Parent may reasonably request. Any inspection pursuant to this Section 6.2 will be conducted in such a manner so as not to interfere unreasonably with the conduct of the Business and in no event will any provision hereof be interpreted to require the Company or its Subsidiaries to permit any inspection, or to disclose any information, that the Company and its legal representatives determine in good faith may waive any attorney-client or similar privilege that it or its Subsidiaries may hold or conflict with any of its obligations, or the obligations of its Subsidiaries, to a third party with respect to confidentiality. The foregoing notwithstanding, neither Parent nor Merger Sub, nor any of their respective Representatives, shall contact any Employee, landlord, customer, supplier or shareholder of the Company or of any of its Subsidiaries (other than such Persons set forth on Section 6.2 of the Disclosure Letter) without the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed); it being acknowledged that any and all such contacts will be arranged by and coordinated with the Company and the Company shall cooperate in good faith with Parent to facilitate such contact as may be reasonably requested by Parent. All information exchanged pursuant to this Section 6.2 shall be subject to that certain Confidentiality Agreement between Parent and the Company dated as of January 7, 2013 (the "Confidentiality Agreement").

6.3. Satisfaction of Closing Conditions; Regulatory Matters.

(a) Until the earlier to occur of the Closing and the termination of this Agreement in accordance with its terms, and subject to the terms and conditions of this Agreement, each of the Company and Parent shall use commercially reasonable efforts to take or cause to be taken as promptly as reasonably practicable all actions and to do or cause to be done as promptly as reasonably practicable all things necessary under the terms of this Agreement or under Applicable Law to cause the satisfaction of the conditions set forth in ARTICLE VII and to consummate the transactions contemplated by this Agreement, including using their respective commercially reasonable efforts to obtain all Consents of all Governmental Entities or third parties that may be or become necessary in connection with its execution and delivery of, and the performance of its obligations pursuant to, this Agreement, and the Parties shall cooperate with each other with respect to each of the foregoing; provided, however, that (i) such use of commercially reasonable efforts shall not require any Party to make any payment to obtain any Consent from a Governmental Entity or other third party required in order to consummate the transactions contemplated hereby (other than in connection with the HSR Filing), and (ii) neither the Company nor any of its Subsidiaries shall agree orally or in writing to any agreement or understanding affecting the Company, any of its Subsidiaries, or any of their respective assets as a condition for obtaining any Consents from any Governmental Entity or other third party without obtaining the prior written consent of Parent.

(b) The Company shall give (or shall cause its Subsidiaries to give) any notices to third parties, and use, and cause its Subsidiaries to use, commercially reasonable efforts to obtain any third-party consents, (i) necessary to consummate the transactions contemplated hereby or (ii) required to prevent a Company Material Adverse Effect from occurring prior to or after the Closing; provided, however, that the Company and Parent shall coordinate and reasonably cooperate in determining whether any actions, notices, consents, approvals, or waivers are required to be given or obtained, or should be given or obtained, from

parties to any Material Contract in connection with the consummation of the transactions contemplated hereby and seeking any such actions, notices, consents, approvals, or waivers.

(c) From the date hereof until the Closing Date, each of Parent and the Company shall promptly notify the other in writing of any pending, or to the Company's Knowledge or the knowledge of Parent (as the case may be), threatened action, suit, arbitration, or other proceeding or investigation by any Governmental Entity or any other Person (i) challenging or seeking material damages in connection with the transactions contemplated hereby or (ii) seeking to restrain or prohibit the consummation of the transactions contemplated hereby or otherwise limit in any material respect the right of Merger Sub to own or operate all or any portion of the business or assets of the Company or any of its Subsidiaries.

(d) Parent and the Company agree to file a Notification and Report Form and documentary materials in respect of the transactions contemplated by this Agreement with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice as promptly as practicable after the date hereof and in no event more than ten (10) Business Days after the date of this Agreement (the "HSR Filing"). All filing fees payable with respect to such filings shall be paid by Parent. Parent and the Company agree to promptly file any other report required by any other Governmental Entity relating to antitrust matters, and to promptly make any other filings or submissions required under the HSR Act. The Company and Parent shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission which is necessary under the HSR Act. Each of the Company and Parent shall promptly inform the other Party of any material communication received by such Party from any Governmental Entity in respect of the HSR Filing. Each of the Company and Parent shall (i) use its commercially reasonable efforts to comply as expeditiously as possible with all requests of any Governmental Entity for additional information and documents requested under the HSR Act; and (ii) not (A) extend any waiting period under the HSR Act, or (B) enter into any agreement with any Governmental Entity not to consummate the transactions contemplated by this Agreement, except, in each case, with the prior consent of the other.

(e) Subject to Applicable Law and any applicable confidentiality restrictions, Parent and its counsel, on the one hand, and the Company and its counsel, on the other hand, shall have the right to review (in advance to the extent practicable) any information relating to the other that appears in any filing made with, or written materials submitted to, any Governmental Entity in connection with the Merger or the other transactions contemplated by this Agreement, provided, however, that nothing contained herein shall be deemed to provide any Party with a right to review any such information provided to any Governmental Entity on a confidential basis (including valuation material) in connection with the Merger or the other transactions contemplated by this Agreement. The Parties may also, as each deems reasonably necessary, designate any competitively sensitive material provided to the other under this Section 6.3 and Section 6.2 as "outside counsel only." Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers, or directors of the recipient unless express permission is obtained in advance from the source of the materials or its legal counsel.

(f) Notwithstanding the foregoing, nothing in this Section 6.3 shall require, or be construed to require, Parent, Merger Sub, or any of their respective Affiliates to agree to (i) sell, hold separate, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Parent, Merger Sub, the Company (pre-Closing), the Surviving Corporation (post-Closing) or any of their respective Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Company Material Adverse Effect or materially and adversely impact the economic or business benefits to Parent of the transactions contemplated by this Agreement; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

6.4. Indemnification of Officers and Directors.

(a) The Surviving Corporation shall, and shall cause each of its Subsidiaries to, indemnify and hold harmless each present and former director or manager (as applicable), officer, fiduciary and agent of the Company and of each of its Subsidiaries (collectively, "Covered Persons"), respectively, to the same extent as such Covered Persons are indemnified as of the date hereof by the Company and each such Subsidiary pursuant to the Constitutional Documents of the Company and each such Subsidiary, respectively, against all costs and expenses (including attorneys' fees and expenses), judgments, fines, losses, claims, damages, liabilities and settlement amounts paid in connection with any Legal Action (whether such Legal Action arises before or after the Effective Time but with respect to any act or omission of such Covered Person occurring prior to the Effective Time) arising out of or pertaining to any action or omission in their capacity as an officer, director or manager (as applicable), fiduciary or agent of the Company or one of its Subsidiaries prior to the Effective Time, and which Legal Action is first filed, brought and asserted before the date that is six (6) years after the Effective Time. In the event of any such Legal Action, the Surviving Corporation shall, and shall cause each of its Subsidiaries to, advance, pay or reimburse the fees and expenses of counsel selected by the Covered Persons to the same extent and in the same manner as provided under the Constitutional Documents of the Company and each such Subsidiary, respectively, as of the date hereof and to cooperate in the defense of any such Legal Action with such counsel; provided that such counsel is reasonably satisfactory to the Surviving Corporation; and provided, further, that in the event that any claim for indemnification or for the advancement, payment or reimbursement of expenses is asserted or made within such six (6)-year period, all rights to indemnification or the advancement, payment or reimbursement of expenses in respect of such claim shall continue until the disposition of such claim.

(b) Without limiting the obligations set forth in Section 6.4(a), for a period of six (6) years following the Effective Time, (i) the Surviving Corporation shall not, and shall cause each of its Subsidiaries not to, make any changes to the provisions of their Constitutional Documents or to the provisions of the employment agreements and indemnification agreements with Covered Persons listed respectively in Sections 3.13(a)(iii) and 3.13(a)(x) the Disclosure Letter or provided to Parent prior to the date hereof, in each case relating to the indemnification and exculpation of any Covered Person, that would adversely affect the right of such Covered Person to claim indemnification from the Surviving Corporation or its Subsidiaries under the terms of such Constitutional Documents, employment agreements or indemnification agreements as in effect on the date hereof for acts taken prior to the Effective Time, and (ii) the Surviving

Corporation shall, and shall cause each of its Subsidiaries to, honor all such indemnification and exculpation obligations thereunder (including with respect to the advancement of expenses).

(c) At or prior to the Closing, the Company shall purchase a prepaid noncancellable run-off directors' and officers' liability insurance policy covering the Covered Persons for a period of six (6) years following the Closing Date with coverage in an amount and scope at least as favorable as the existing coverage of the Company and its Subsidiaries as of the date of this Agreement with a deductible not more than the deductible under the existing coverage.

(d) The provisions of this Section 6.4 are intended to be for the benefit of, and will be enforceable by, as applicable, each Covered Person and the representatives of each Covered Person. For a period of six (6) years following the Closing, in the event the Surviving Corporation or any of its Subsidiaries merges or consolidates with or transfers or assigns all or substantially all of its assets to any other Person, then proper provision shall be made by the Surviving Corporation so that such continuing or surviving corporation or entity or transferee of such assets, as the case may be, shall assume all of the applicable obligations set forth in this Section 6.4.

(e) The rights under this Section 6.4 shall be in addition to any rights that any Covered Person may have at common law or otherwise and shall remain in full force and effect following the Closing.

6.5. Employees; Benefit Plans.

(a) Parent shall provide to the employees of the Surviving Corporation and its Subsidiaries benefit plans, programs and arrangements with benefits (other than equity-based awards) that are substantially similar in the aggregate to those provided to similarly situated employees of Parent as of the Closing Date. For purposes of determining eligibility to participate or levels of benefits or entitlement to benefits under Parent's or the Surviving Corporation's benefit plans, programs and arrangements ("Parent Benefit Plans"), each such employee shall be credited with his or her years of service with the Company or its Subsidiaries prior to the Closing Date (except to the extent such service credit would result in a duplication of benefits for the same period of service) and any pre-existing condition, actively-at-work, or similar requirement under any such benefit plans, programs or arrangements shall be waived by the plan sponsor with respect to such employees to the extent allowed thereunder and under Applicable Law.

(b) The Company shall permit Parent and its Representatives to perform due diligence with respect to the 401(k) plan of the Company and its Subsidiaries (the "401(k) Plan"), including providing Parent with (i) access to all benefit plan administrators, record keepers, custodians, agents and advisers, (ii) evidence of the 401(k) Plan's tax-qualified status and timely IRS Form 5500 filings, (iii) such documentation that will allow Parent to determine the amount, if any, of fees, loads or other charges that will be triggered by the ceasing of new contributions to the 401(k) Plan or otherwise by virtue of the transactions contemplated hereby and (iv) such other documentation as Parent shall reasonably request with respect to the 401(k) Plan. If, and only if, requested in writing by Parent at least five (5) Business Days prior to the

Closing Date, the Company shall, and shall cause its Subsidiaries to, take all actions necessary or appropriate to terminate the 401(k) Plan not later than the day prior to the Closing Date and, in connection therewith, the Company shall, not later than the day prior to the Closing Date:

(i) (1) amend the 401(k) Plan to fully vest all accounts of all participants in the 401(k) Plan and to provide for the distribution of all such accounts, and (2) amend the 401(k) Plan to bring it into compliance with current Applicable Law (the form and substance of which amendments shall be subject to the prior review of Parent); and

(ii) deliver to Parent a duly executed plan amendment and resolutions of the Company's board of directors reflecting the termination of the 401(k) Plan and such related amendments to the 401(k) Plan (the form and substance of which documents shall be subject to the prior review of Parent).

(c) Nothing in this Section 6.5 shall (i) create any third-party beneficiary or other rights in any Employee or other service provider of the Company or any of its Subsidiaries, including rights in respect of any benefits that may be provided, directly or indirectly, under any Company Benefit Plan or Parent Benefit Plan, (ii) be construed as an amendment, waiver or creation of or limitation on the ability to amend or terminate any Company Benefit Plan or Parent Benefit Plan, or (iii) be interpreted as requiring the Company, the Surviving Corporation, Parent or any Affiliate of any of the foregoing to continue to employ any particular Employee or other service provider of the Company or any of its Subsidiaries for any specified period of time.

6.6. Preservation of Records. Parent agrees that it shall not, for a period of at least six (6) years following the Closing Date, destroy or cause to be destroyed, or permit the Surviving Corporation or any of its Subsidiaries to destroy or cause to be destroyed, any material books or records relating to the pre-Closing operations of the Company or any of its Subsidiaries without first obtaining the consent of the Equityholders Representative (or providing to the Equityholders Representative notice of such intent and a reasonable opportunity to copy such books or records, at the Equityholders' expense, at least thirty (30) days prior to such destruction).

6.7. Outstanding Letters of Credit. Parent acknowledges and agrees that the violation of any Letters of Credit Agreement as a result of any failure of Parent to replace any Letter of Credit in connection with the termination of the Revolving Credit Facility shall not constitute a breach of any representation or warranty under this Agreement, cause any condition precedent set forth in Section 7.2 not to be satisfied or give rise to any claim for indemnification under Section 9.2(a).

6.8. Director Resignations. Prior to the Closing Date, the Company shall cause each member of the Board and the board of directors or managers of its Subsidiaries to execute and deliver a letter, which shall not be revoked or amended prior to the Closing, effectuating his or her resignation as a member of the Board or board of directors or managers of one of its Subsidiaries, as the case may be, effective immediately prior to, and conditional on, the Closing.

6.9. Notice of Certain Events. From the date hereof until the Closing, the Company shall give prompt written notice to Parent, and Parent shall give prompt written notice to the Company, of the following:

(a) Any fact, circumstance, event or action the existence, occurrence or taking of which (i) has had, or could reasonably be expected to have, individually or in the aggregate, with respect to the Company, a Company Material Adverse Effect, or, with respect to Parent, a Parent Material Adverse Effect (ii) has resulted in, or could reasonably be expected to result in, any representation or warranty made by such Party not being true and correct in any material respect or (iii) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions of such Party set forth in Section 7.1, Section 7.2 or Section 7.3 to be satisfied.

(b) Any notice or other communication to such Party from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement.

(c) Any notice or other communication to such Party from any Governmental Entity in connection with the transactions contemplated by this Agreement.

(d) Any Legal Actions commenced or, to the Company's Knowledge or Parent's knowledge, threatened against, relating to or involving or otherwise affecting such Party that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Sections 3.14, 4.5 or 5.5 that relates to the consummation of the transactions contemplated by this Agreement.

Parent's or the Company's receipt of information pursuant to this Section 6.9 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Company or Parent, respectively, in this Agreement and shall not be deemed to amend or supplement the Disclosure Letter.

6.10. No Solicitation of Other Bids.

(a) Neither the Company nor any Stockholder Party shall, and shall not authorize or permit any of their respective Affiliates or Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Company and each Stockholder Party shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal.

(b) The Company and each Stockholder Party agrees that the rights and remedies for noncompliance with this Section 6.10 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Parent and that money damages would not provide an adequate remedy to Parent.

6.11. Employee Non-Solicit.

(a) Each Stockholder Party agrees that during the period ending on the third (3rd) anniversary of the Closing Date, such Stockholder Party shall not, and shall cause its Affiliates (other than those of its portfolio companies that have not been (i) provided any employee information or other confidential information relating to the Company and its Subsidiaries, or (ii) purposely influenced or caused to engage in conduct that would otherwise violate this Section 6.11(a)) not to, in any manner, directly or indirectly, induce or attempt to induce any member of the senior management team or department head of the Company or any of its Subsidiaries or any Key Employee to terminate or abandon his or her employment or engagement for any purpose whatsoever. Notwithstanding the foregoing, nothing contained herein shall preclude the hiring of any such Person (i) who responds to a general solicitation of employment through an advertisement not targeted specifically at the Company or any of its Subsidiaries or their respective employees, (ii) who contacts a Stockholder Party on his or her own initiative without any solicitation by such Stockholder Party or (iii) who has been terminated by the Company or any of its Subsidiaries after the Closing or who has not been employed by the Company or any of its Subsidiaries, in each case for a period of at least six (6) months prior to such solicitation.

(b) If, at any time of enforcement of this Section 6.11, a court or an arbitrator holds that the restrictions stated herein are unreasonable under circumstances then existing, the Parties agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court or arbitrator shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by Applicable Law.

(c) Without limiting the right of Parent to pursue all other legal and equitable rights available to it for violation of this Section 6.11 by any of the Stockholder Parties or their Affiliates, it is agreed that other remedies cannot fully compensate Parent or the Surviving Corporation for such a violation and that Parent and the Surviving Corporation shall each be entitled to injunctive relief to prevent violation or continuing violation thereof.

6.12. Transfer of Common Stock; Voting; Company Stockholder Approval.

(a) Each Stockholder Party covenants that prior to the Closing, such Stockholder Party shall not (i) sell, transfer, mortgage, pledge, otherwise dispose of or suffer to be imposed any Lien on any share of Common Stock held by such Stockholder Party or (ii) grant to any Person (other than Parent) any proxy or other right to vote any shares of Common Stock held by such Stockholder Party or over which such Stockholder Party exercises voting power.

(b) In order to consummate the Merger, the Company, acting through its board of directors, shall, in accordance with Applicable Law, use its commercially reasonable efforts to obtain, prior to the close of business on the second (2nd) Business Day following the date of this Agreement, pursuant to an executed written consent, the Stockholder Approval. Promptly following receipt of such written consent, the Company shall cause its Secretary to deliver a copy of such written consent to Parent.

(c) Each Stockholder Party hereby irrevocably waives any dissenters' rights, appraisal rights or similar right that they may have under Applicable Law, including under Section 262 of the DGCL, in connection with the Merger and agrees not to assert any demands for appraisal with respect to the shares of Common Stock held by such Stockholder Party. Upon approving the Merger, Sphere covenants to exercise its Drag-Along Right (as defined in the Stockholder Agreement) pursuant to and in accordance with the Section 3(c) of the Stockholder Agreement requiring the stockholders party to the Stockholder Agreement to: (x) vote all of the shares of the Company's capital stock owned by them in favor of adopting this Agreement and approving the Merger and (y) waive any dissenters' rights, appraisal rights or similar rights which they may have under Applicable Law, including under Section 262 of the DGCL.

6.13. Bonus Payments. The Surviving Corporation shall maintain the management bonus plan of the Company for fiscal year 2013 as in effect as of the date hereof and shall perform its obligations to pay bonuses thereunder to the Persons eligible for bonuses under such plan in accordance with the terms of such plan, which Persons and terms have been made available to Parent. The aggregate amount of all such bonuses awarded under such plan shall not be less than the aggregate amount accrued for such bonuses and included in the calculation of Closing Net Working Capital, as finally determined pursuant to Section 2.6(c), and all such bonuses awarded shall be paid to the recipients no later than seventy-five (75) days following the Closing.

6.14. NTP Payments. The Surviving Corporation shall cause KAO to perform its obligations to cause NTP to make the NTP Payments when due pursuant to and in accordance with the NTP SPA.

6.15. Access to Assets. Each of the Stockholder Parties shall at all times following the Closing maintain funds, or access to capital commitments from its fund investors, sufficient to meet its indemnification obligations under this Agreement.

6.16. Section 280G of the Code. Prior to the Closing, the Company shall take such actions, in a manner reasonably satisfactory to Parent, as may be necessary to cause a stockholder vote, that if approved, would cause all payments made to any "disqualified individual" who has signed a 280G waiver that would otherwise constitute "excess parachute payments" under Section 280G of the Code as a result of the Merger to satisfy the stockholder approval exemption under Section 280G(b)(5)(A)(ii) of the Code, including providing a form of waiver of payments or benefits to each individual who is a "disqualified individual" of the Company and that may otherwise be entitled to receive "excess parachute payments" as a result of the Merger (as those terms are defined under Section 280G of the Code) (a "280G Waiver"), preparing a Section 280G of the Code disclosure statement, and seeking the execution of the 280G Waiver and the requisite stockholder approval.

6.17. Transfer of Title. The Company shall use its commercially reasonable efforts to transfer to the Company or one of its Subsidiaries the title of any Owned Real Property that is not currently recorded in the name of the Company or any of its Subsidiaries, which is set forth on Section 3.21 of the Disclosure Letter, and to record with each applicable Governmental Entity each new deed reflecting the Company or one of its Subsidiaries as the legal owner of such Owned Real Property as a result of such transfer of title, in each case prior to the Closing. If any

such transfer or recording has not been completed prior to the Closing, the Equityholders Representative shall use its commercially reasonable efforts following the Closing to effect such transfer or recording as promptly as reasonably practicable following the Closing.

6.18. Closing Bank Debt. The Company shall obtain, prior to the Closing, a payoff letter or payoff letters with respect to the Closing Bank Debt, in form and substance reasonably acceptable to the Purchaser (the "Payoff Letters"), which Payoff Letters shall indicate (a) the amount of Closing Bank Debt that is to be repaid to the lenders thereunder at the Closing, and (b) that upon repayment of such amount that (i) the Company and its Subsidiaries shall be relieved of any obligations thereunder, (ii) the Senior Credit Facilities and related agreements shall be terminated (except for provisions thereunder that customarily survive termination), and (iii) all of the Company's and its Subsidiaries' assets and properties shall be free from any and all Liens (including mortgages) related thereto upon repayment of such amount.

6.19 Stockholder Termination of Agreements. Each Stockholder Party and the Surviving Corporation agree that, effective as of the Closing, all agreements between such Stockholder Party or any of its Affiliates and the Surviving Corporation and its Subsidiaries shall be terminated and each party thereto shall be released from any and all obligations, claims, and causes of action against the other party thereto, except in each case for payments which are specified, or any obligations that are required to be performed on or after the Closing Date under, in each case, (i) this Agreement, the Promissory Note or the Mortgage or (ii) the Freight Bill Processing and Services Agreement, dated August 1, 2011, by and between KAO and Data2Logistics, LLC or the Sales Quote and Marketing Agreement for American Racing Custom Wheels, dated as of January 31, 2013, between KAO and American Racing Custom Wheels.

6.20. Further Assurances. Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE VII
CONDITIONS PRECEDENT TO THE CLOSING

7.1. Conditions to Each Party's Obligations. The obligations of the Company, on the one hand, and Parent and Merger Sub, on the other hand, to consummate the Merger are subject to the fulfillment, on or before the Closing Date, of the following conditions:

(a) The waiting period under the HSR Act applicable to the transactions contemplated by this Agreement shall have expired or early termination shall have been granted;

(b) No Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any temporary restraining order, initial or permanent injunction or other Judgment or other legal restraint or prohibition that is in effect and prevents, enjoins or otherwise prohibits the consummation of the Merger; and

(c) The Stockholder Approval shall have been obtained.

7.2. Conditions to the Obligation of Parent and Merger Sub. The obligation of Parent and Merger Sub to consummate the Merger is subject to the satisfaction, on or before the Closing Date, of each of the following further conditions, any one or more of which may be waived in writing by Parent:

(a) The representations and warranties contained in Section 3.1 (Organization and Qualification of the Company), Section 3.2 (Organization and Qualification of Subsidiaries), Section 3.3 (Capitalization), Section 3.4 (Authority), Section 3.6 (Consents; Stockholder Approval), Section 3.25 (Brokers' and Finders' Fees), Section 4.1 (Organization and Qualification of Stockholder Parties), Section 4.2 (Ownership), Section 4.3 (Authority) and Section 4.6 (Brokers' and Finders' Fees) shall be true and correct in all respects at and as of the date hereof and at and as of the Closing Date as if made at and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date or dates). All other representations and warranties of the Company contained in this Agreement and in any certificate or other writing delivered by the Company pursuant hereto shall be true and correct in all respects (disregarding any "material," "in all material respects," "Company Material Adverse Effect," or similar qualifications contained therein) at and as of the date hereof and at and as of the Closing Date, as if made at and as of such date (except to the extent such representations and warranties speak as of a specific date, in which case such representation and warranty shall be true and correct as of such earlier date or dates) and except for those failures to be so true and correct as would not reasonably be expected to have, in the aggregate, a Company Material Adverse Effect and Parent shall have received a certificate signed on behalf of the Company by the Chief Executive Officer of the Company to the foregoing effect.

(b) The Company shall have performed and complied in all material respects with all of its obligations hereunder required to be performed or complied with by it on or prior to the Closing Date and Parent shall have received a certificate signed on behalf of the Company by the Chief Executive Officer of the Company to the foregoing effect.

(c) The Company shall have obtained and delivered to Parent the Consents set forth on Section 7.2(c) of the Disclosure Letter.

(d) Parent shall have received from the Company (i) a certificate of good standing of the Company as of a recent date from the Secretary of State of the State of Delaware; and (ii) certificates of good standing of each of the Company's Subsidiaries as of a recent date from the applicable Secretary of State of its jurisdiction of incorporation or organization.

(e) Parent shall have received from the Company certified copies of the certificate of incorporation of the Company and the certificates of incorporation or formation of its Subsidiaries, in each case dated as of a recent date.

(f) Parent shall have received a certificate of the Secretary of the Company certifying true and complete copies of (i) the by-laws of the Company, as in effect on the Closing Date; (ii) the resolutions of the Board authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby; and (iii) the Stockholder Approval.

(g) The Transaction Documents that the Company or any of its Subsidiaries or any Stockholder Party is party to shall have been executed and delivered by the Company and such Subsidiaries and Stockholder Parties and true and complete copies thereof shall have been delivered to Parent.

(h) Parent shall have received customary pay-off letters or similar acknowledgments of the discharge of the Closing Bank Debt and any other Indebtedness of the Company and its Subsidiaries to be paid off at Closing, setting forth the amount owed as of the Closing Date and indicating that upon payment of such amount, such Indebtedness will be discharged in full and all related Liens, including mortgage Liens (other than Permitted Liens) will be released and removed.

(i) The Company shall have delivered to Parent a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that each Stockholder is not a foreign person within the meaning of Section 1445 of the Code.

(j) No Company Material Adverse Effect or Stockholder Material Adverse Effect shall have occurred since the date of this Agreement, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Company Material Adverse Effect or Stockholder Material Adverse Effect.

7.3. Conditions to the Obligation of the Company. The obligation of the Company to consummate the Merger is subject to the satisfaction, on or before the Closing Date, of each of the following further conditions, any one or more of which may be waived in writing by the Company:

(a) The representations and warranties of Parent and Merger Sub contained in Section 5.1 (Organization of Parent and Merger Sub), Section 5.2 (Authority), and Section 5.10 (Brokers' and Finders' Fees) shall be true and correct in all respects at and as of the date hereof and at and as of the Closing Date as if made at and as of the Closing Date (except to the extent such representation and warranty speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date or dates). All other representations and warranties of Parent and Merger Sub contained in this Agreement and in any certificate or other writing delivered by Parent or Merger Sub pursuant hereto shall be true and correct in all respects (disregarding any "material," "in all material respects," "Material Adverse Effect," or similar qualifications contained therein) at and as of the date hereof and at and as of the Closing Date, as if made at and as of such date, except to the extent such representations and warranties speak as of a specific date and except for those failures to be so true and correct as would not reasonably be expected to have, in the aggregate, a Parent Material Adverse Effect and the Company shall have received a certificate signed on behalf of Parent and Merger Sub by the Chief Executive Officer of Parent to the foregoing effect.

(b) Parent and Merger Sub shall have performed and complied in all material respects with all of their respective obligations hereunder required to be performed or complied with by them on or prior to the Closing Date and the Company shall have received a certificate

signed on behalf of Parent and Merger Sub by the Chief Executive Officer of Parent to the foregoing effect.

(c) No Parent Material Adverse Effect shall have occurred since the date of this Agreement, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Parent Material Adverse Effect.

(d) The Company shall have received a certificate of the Secretary of Parent certifying true and complete copies of the resolutions of the board of directors of Parent authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(e) The Company shall have received from Parent certificates of good standing of Parent and Merger Sub as of a recent date from the Secretary of State of the State of Delaware.

(f) The Transaction Documents that Parent or Merger Sub are party to shall have been executed and delivered by Parent or Merger Sub and true and complete copies thereof shall have been delivered to the Company.

ARTICLE VIII
TERMINATION

8.1. Termination. This Agreement may be terminated and the Merger abandoned at any time prior to the Closing (in all cases, by action of the respective boards of directors of the terminating Party or Parties) regardless of whether this Agreement and/or the Merger have been approved by the Stockholders:

(a) by written agreement of the Company and Parent;

(b) by either Parent or the Company if:

(i) the Closing has not occurred by January 31, 2014 (or such later date as shall be mutually agreed to in writing by the Company, the Equityholders Representative and Parent) (the "Outside Date"), provided, however, that the right to terminate this Agreement under this Section 8.1(b)(i) shall not be available to any Party whose action or failure to fulfill any obligation hereunder has been the cause of, or resulted in, the failure of the Closing to occur on or before the Termination Date and such action or failure constitutes a breach of this Agreement;

(ii) if a court of competent jurisdiction or other Governmental Entity shall have issued a final non-appealable order or taken any other action prohibiting the consummation of the Merger; provided, however, that the terms of this Section 8.1(b)(ii) shall not be available to the terminating Party (A) if such order or action was caused by the action or the failure to act of the terminating Party and such action or failure constitutes a breach of this Agreement by such Party or (B) such terminating Party did not use its commercially reasonable

efforts to oppose any such order or action or to have such governmental order vacated or made inapplicable to this Agreement; or

(iii) there shall be any Law enacted, promulgated or issued or deemed applicable to the Merger by any Governmental Entity that in the opinion of counsel of the terminating Party would make consummation of the Merger illegal.

(c) by Parent if:

(i) there shall have been any action taken, or any Law enacted, promulgated or issued or deemed applicable to the Merger, by any Governmental Entity, which would (A) prohibit Parent's or the Surviving Corporation's ownership or operation of any portion of the business of the Surviving Corporation, or (B) compel Parent, the Company (pre-Closing) or the Surviving Corporation (post-Closing) to dispose of or hold separate, as a result of the Merger, any material portion of the business or assets of the Company, the Surviving Corporation or Parent;

(ii) it is not in material breach of its obligations under this Agreement, there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of the Company and, as a result of such breach, the conditions set forth in Sections 7.1 or 7.2, as the case may be, would not then be satisfied; provided, however, that if such breach is curable by the Company prior to the Outside Date through the exercise of its commercially reasonable efforts, then Parent may not terminate this Agreement under this Section 8.1(c)(ii) prior to the earlier of the Outside Date or that date which is fifteen (15) days following the Company's receipt of written notice from Parent of such breach, it being understood that Parent may not terminate this Agreement pursuant to this Section 8.1(c)(ii) if such breach by the Company is cured within such fifteen (15)-day period so that such conditions would then be satisfied; or

(iii) the Company has not delivered evidence that the Stockholder Approval has been obtained within twenty four (24) hours from the execution of this Agreement provided that the Company has not delivered evidence of the Stockholder Approval at the time of written notice of termination by Parent.

(d) by the Company if it is not in material breach of its obligations under this Agreement and there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Parent or Merger Sub and as a result of such breach the conditions set forth in Sections 7.1 or 7.3, as the case may be, would not then be satisfied; provided, however, that if such breach is curable by Parent prior to the Outside Date through the exercise of its commercially reasonable efforts, then the Company may not terminate this Agreement under this Section 8.1(d) prior to the earlier of the Outside Date or that date which is fifteen (15) days following Parent's receipt of written notice from the Company of such breach, it being understood that the Company may not terminate this Agreement pursuant to this Section 8.1(d) if such breach by Parent is cured within such fifteen (15)-day period so that such conditions would then be satisfied.

8.2. Effect of Termination. Except as otherwise set forth in this Section 8.2, any termination of this Agreement under Section 8.1 will be effective immediately upon the delivery of written notice of such termination by the terminating Party to the other Parties. In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall be of no further force or effect, except that (a) this Section 8.2 and ARTICLE XII shall survive the termination of this Agreement, and (b) nothing herein shall relieve any Party from liability for any breach of this Agreement prior to such termination. No termination of this Agreement shall affect the obligations of the parties to the Confidentiality Agreement, all of which obligations shall survive the termination of this Agreement.

ARTICLE IX
INDEMNIFICATION

9.1. Survival of Representations and Warranties.

(a) The representations and warranties regarding the Company set forth in Article III (including the Disclosure Letter) or in any certificate, document or other instrument delivered by or on behalf of the Company pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall terminate at 5:00 p.m. Eastern time on the eighteen (18) month anniversary of the Closing Date, except that:

(i) The Company Fundamental Representations shall continue until ninety (90) days following the expiration of the applicable statutes of limitation, if any, applicable to the matters addressed therein;

(ii) with respect to any claim for Losses made by an Indemnified Party to the Equityholders Representative in accordance with this Agreement prior to such termination, in which case the applicable representations and warranties that are the subject of such claim shall continue to survive solely as to the specific matters as to which the claim is asserted until such claim is fully resolved as provided herein.

(b) The representations and warranties of the Stockholder Parties set forth in Article IV (including the Disclosure Letter) or in any certificate, document or other instrument delivered by or on behalf of a Stockholder Party pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall terminate at 5:00 p.m. Eastern time on the eighteen (18) month anniversary of the Closing Date, except that:

(i) the representations and warranties set forth in Sections 4.1, 4.2, 4.3 and 4.6 shall continue until ninety (90) days following the expiration of the applicable statutes of limitation, if any, applicable to the matters addressed therein; and

(ii) with respect to any claim for Losses made by Parent or the Surviving Corporation to a Stockholder Party in accordance with this Agreement prior to such termination, in which case the applicable representations and warranties that are the subject of such claim shall continue to survive solely as to the specific matters as to which the claim is asserted until such claim is fully resolved as provided herein.

(c) The representations and warranties of Parent and Merger Sub set forth in Article V or in any certificate, document or other instrument delivered by or on behalf of Parent or Merger Sub pursuant to or in connection with this Agreement shall survive the Parties' investigation, execution and delivery of this Agreement and the Closing and terminate at 5:00 p.m. Eastern time on the eighteen (18) month anniversary of the Closing Date, except that:

(i) the representations and warranties set forth in Sections 5.1, 5.2, and 5.10 shall continue until ninety (90) days following the expiration of the applicable statutes of limitation, if any, applicable to the matters addressed therein; and

(ii) with respect to any claim for Losses made by an Indemnified Party to Parent in accordance with this Agreement prior to such termination, in which case the applicable representations and warranties that are the subject of such claim shall continue to survive solely as to the specific matters as to which the claim is asserted until such claim is fully resolved as provided herein.

9.2. Indemnification.

(a) Subject to the other provisions of this ARTICLE IX, Parent and the Surviving Corporation shall be indemnified as provided in Section 9.3(a) from and against any and all Losses incurred, suffered or paid by Parent or the Surviving Corporation directly or indirectly as a result of, with respect to, in connection with, or arising from:

(i) any breach of any representation or warranty regarding the Company set forth in Article III or any certificate delivered by or on behalf of the Company pursuant hereto or thereto;

(ii) any breach by the Company of, or failure by the Company to perform, fulfill or comply with any covenant set forth herein to be performed, fulfilled or complied with by the Company prior to the Effective Time;

(iii) any Transaction Expenses or any Indebtedness of the Company that are not taken into account in determining the Net Initial Equity Consideration;

(iv) any Legal Action instituted by a Stockholder, Option Holder, or holder of Restricted Stock or Restricted Stock Units (or any Person claiming to be such a Person), including pursuant to Section 2.2, against Parent or the Surviving Corporation relating to any action, misrepresentation or omission, occurring on or prior to the Closing Date, by the Company or any of its Subsidiaries or any of their Representatives relating to this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby; or

(v) any act done or omitted hereunder by the Equityholders Representation while acting in bad faith.

(b) Subject to the other provisions of this ARTICLE IX, each Stockholder Party shall indemnify, defend and hold harmless Parent and the Surviving Corporation against any and all Losses incurred or suffered by any of them directly or indirectly as a result of, with respect to, in connection with, or arising from:

(i) any breach of any representation or warranty of such Stockholder Party contained in Article IV or any certificate delivered by or on behalf of such Stockholder Party pursuant hereto or thereto; or

(ii) any breach by such Stockholder Party of, or failure by such Stockholder Party to perform, fulfill or comply with any covenant set forth herein to be performed, fulfilled or complied with by such Stockholder Party.

(c) Subject to the other provisions of this ARTICLE IX, Parent shall indemnify, defend and hold harmless the Equityholders Group Members against any and all Losses incurred or suffered by any of them directly or indirectly as a result of, with respect to, in connection with, or arising from:

(i) any breach of any representation or warranty of Parent or Merger Sub set forth in Article V or any certificate delivered by or on behalf of Parent or Merger Sub pursuant hereto or thereto; or

(ii) any breach by Parent or Merger Sub of, or failure by such Parent or Merger Sub to perform, fulfill or comply with any covenant set forth herein to be performed, fulfilled or complied with by Parent or Merger Sub.

(d) For purposes of this Article IX, if any representation or warranty of a Party contained in this Agreement, or in any certificate delivered hereunder is qualified in any respect by materiality, in all material respects, Material Adverse Effect or words of like import, such materiality, in all material respects, or Material Adverse Effect qualifiers or other qualifiers of like import shall be ignored in determining whether a breach of any representation or warranty has occurred and in determining the amount of any resulting Loss.

9.3. Limitations.

(a) Any indemnification for Losses by Parent or the Surviving Corporation pursuant to Section 9.2(a) or Section 10.1(a) shall first be required to be recovered by a reduction in amounts owed under the Promissory Note. If and to the extent that it is not possible to satisfy any Losses by reducing the amounts owed under the Promissory Note at any time for any reason and the Equityholders Representative has not satisfied such Losses by paying to Parent or the Surviving Corporation funds in the amount of such Losses that were withheld by it from Equityholders pursuant to Section 12.1(b), then the Stockholder Parties shall indemnify, defend and hold harmless Parent and the Surviving Corporation for such Losses severally based on their respective Indemnity Pro Rata Shares.

(b) No claims shall be made by Parent or the Surviving Corporation for indemnification pursuant to Section 9.2(a)(i) unless and until the aggregate amount of Losses (other than Losses incurred as a result of inaccuracies or breaches of the Company Fundamental Representations) for which Parent and the Surviving Corporation are entitled to seek to be indemnified pursuant to Section 9.2(a)(i) exceeds $3,500,000, at which time Parent and the Surviving Corporation shall be entitled to indemnification for the amount in excess of such amount, subject to the other limitations set forth in this ARTICLE IX.

(c) From and after the time that the claims made by Parent and the Surviving Corporation for indemnification exceed $3,500,000, no claims for indemnification may be made by Parent or the Surviving Corporation pursuant to Section 9.2(a)(i) for any individual item or series of related items where the Losses (other than Losses incurred as a result of inaccuracies or breaches of the Company Fundamental Representations) with respect to such item or series of related items (in the aggregate) are less than $50,000.

(d) Notwithstanding anything to the contrary in this Agreement, the aggregate amount of any and all payments required to be made by all Equityholders pursuant to this ARTICLE IX (other than any amounts owed as a result of a breach of Section 10.5(b)) and ARTICLE X, by means of a reduction of the principal amount of the Promissory Note in accordance with this Agreement or otherwise, shall not exceed Forty Five Million Dollars ($45,000,000), and Parent and the Surviving Corporation shall not be entitled to any indemnification under this ARTICLE IX and ARTICLE X in excess of such amount.

(e) All indemnification payments made pursuant to this ARTICLE IX shall be made on an after-tax basis. Accordingly, in determining the Losses incurred or suffered by an Indemnified Party hereunder, the amount of such Losses shall be (i) increased to take into account any additional Tax cost incurred by such Indemnified Party arising from the receipt of applicable indemnification payments hereunder and (ii) decreased to take into account any deduction, credit or other Tax benefit actually realized by such Indemnified Party with respect to the receipt of applicable indemnification payments hereunder. In computing the amount of any such Tax cost or Tax benefit, the Indemnified Party shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of applicable indemnification payments hereunder or the incurrence or payment relating to any Losses; provided that, if any such Tax cost or Tax benefit is not realized in the taxable period during which the Indemnifying Party makes an indemnification payment or the Indemnified Party incurs any Losses, the Parties shall thereafter make payments to one another at the end of each subsequent taxable period to reflect the net Tax costs or Tax benefits realized by the Parties in each such subsequent taxable period.

(f) Any Indemnified Party that becomes aware of any Losses for which it seeks indemnification under this ARTICLE IX shall be required to use commercially reasonable efforts to mitigate such Losses, including seeking all available insurance; provided that the Indemnified Party shall not be required to initiate litigation against any then-current customer, supplier, vendor or other Person (in each case, other than an insurance provider) having a business relationship with such Indemnified Party or any of its Affiliates.

(g) The Losses suffered by any Indemnified Party shall be calculated after giving effect to any insurance proceeds actually recovered by the Indemnified Party from insurance providers under available insurance policies, net of (i) all out-of-pocket costs and expenses relating to collection from such insurers, (ii) any deductibles associates therewith and (iii) any increase in premiums resulting therefrom.

(h) Notwithstanding the fact that any Indemnified Party may have the right to assert claims for indemnification under or in respect of more than one provision of this Agreement in respect of any fact, event, condition or circumstance, no Indemnified Party shall be

entitled to recover the amount of any Losses suffered by such Indemnified Party more than once, regardless of whether such Losses may be as a result of a breach of more than one representation, warranty or covenant. Without limiting the generality of the foregoing, no Indemnified Party shall be able to recover any Loss for which it is otherwise entitled to indemnification under this Agreement if such Loss has already been taken into account in determining the Closing Net Working Capital pursuant to Section 2.6.

(i) Except for claims for injunctive and other equitable relief, the sole and exclusive remedy of any Indemnified Party for money damages for any matters relating to this Agreement or the consummation of the transactions contemplated hereby shall be the rights to indemnification set forth in this ARTICLE IX. No officer, director, manager, employee, Affiliate, advisor or other representative of the Company or any of its Subsidiaries shall have any Liability under or with respect to this Agreement solely in their capacity as such.

(j) No party shall be entitled to be indemnified hereunder with respect to any Losses that are in the nature of exemplary or punitive damages (except to the extent such damages are awarded in a Third-Party Claim).

(k) The limitations on indemnification contained in this Section 9.3 shall not apply in the case of fraud or willful misconduct of the Indemnifying Party.

9.4. Procedures.

(a) If any Party believes at any time that it is entitled to be indemnified under this ARTICLE IX, such Party (the "Indemnified Party") shall promptly deliver to (i) the Equityholders Representative, in the case of claims for indemnification being asserted by Parent or the Surviving Corporation, and (ii) Parent, in the case of claims for indemnification being asserted by the Equityholders Representative, a certificate (a "Claim Certificate") that (x) states that the Indemnified Party has paid or properly incurred Losses and the amount thereof, or reasonably anticipates that it may or will incur Losses, for which such Indemnified Party is entitled to indemnification under this Agreement, and the estimated amount thereof, and (y) specifies in reasonable detail, to the extent practicable, each individual item of Loss included in the amount so stated, the date (if any) such item was paid or properly incurred, the basis for any anticipated liability and the nature of the misrepresentation, default, breach of warranty or breach of covenant or claim to which each such item is related and, to the extent computable, the computation of the amount to which such Indemnified Party claims to be entitled hereunder; provided, however, that no delay on the part of the Indemnified Party in delivering a Claim Certificate shall diminish the rights of the Indemnified Party to be indemnified hereunder except to the extent that the delay shall increase the amount of such claim or Loss, and then only to such extent.

(b) If the Equityholders Representative, in the case of indemnification claims by Parent or the Surviving Corporation, or Parent, in the case of indemnification claims by the Equityholders Representative (in either case, the "Indemnifying Party") objects to a claim of an Indemnified Party in respect of any claim or claims specified in any Claim Certificate, the Indemnifying Party shall deliver a written notice to such effect to the Indemnified Party within thirty (30) days after receipt of the Claim Certificate by the Indemnifying Party. Thereafter, the

Indemnifying Party and the Indemnified Party shall attempt in good faith to agree upon their respective rights within thirty (30) days after receipt by the Indemnified Party of such written objection with respect to each of such claims to which the Indemnifying Party has objected. If the Indemnified Party and the Indemnifying Party agree with respect to any of such claims, the Indemnified Party and the Indemnifying Party shall promptly prepare and sign a memorandum setting forth such agreement. If, as a result of such agreement, Parent is entitled to have the principal amount of the Promissory Note reduced, the Equityholders Representative shall promptly execute an amendment to the Promissory Note reflecting such reduction. Should the Indemnified Party and the Indemnifying Party fail to agree as to any particular item or items or amount or amounts, then the Indemnified Party shall be entitled to pursue its available remedies for resolving the claim for indemnification.

9.5. Third-Party Claims.

(a) If a claim for indemnification under this ARTICLE IX is based on, or results from, a claim by a third party for which an Indemnified Party would be entitled to indemnification hereunder (a "Third-Party Claim"), such Indemnified Party shall deliver notice thereof to the Indemnifying Party promptly after receipt by such Indemnified Party of written notice of the Third-Party Claim, which (i) in the case of a claim for indemnification by Parent or the Surviving Corporation shall be delivered to the Equityholders Representatives and (ii) in the case of a claim for indemnification by the Equityholders Representative shall be delivered to Parent, describing in reasonable detail the facts giving rise to any claim for indemnification hereunder, the amount or method of computation of the amount of such claim (if known) and such other information with respect thereto as the Indemnifying Party may reasonably request. Any failure or delay in providing such notice, however, shall not release the Indemnifying Party from any of its obligations under this Article IX except to the extent that the Indemnifying Party is prejudiced by such failure or delay.

(b) The Indemnifying Party shall have the right, upon written notice to the Indemnified Party within fifteen (15) Business Days of receipt of notice from the Indemnified Party of such Third Party Claim, to assume the defense thereof at the expense of the Indemnifying Party with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party so long as: (i) the Indemnifying Party acknowledges in such notice that any Losses that the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of or caused by the Third-Party Claim constitute Losses that are indemnifiable by the Indemnifying Party under this Article IX; (ii) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief; (iii) an adverse judgment or settlement would not or would not reasonably be likely to establish a precedent adverse to the business of the Indemnified Party; (iv) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently; and (v) the Indemnifying Party agrees to keep the Indemnified Party apprised of all developments relating to the Third-Party Claim.

(c) If the Indemnifying Party assumes the defense of such Third-Party Claim and is conducting the defense of the Third-Party Claim in accordance with Section 9.5(b): (i) the Indemnified Party shall have the right to employ separate counsel and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party; provided that, if in the reasonable opinion of counsel for the Indemnified

Party, there is a conflict of interest between the Indemnified Party and the Indemnifying Party (other than simply arising from the indemnification obligation hereunder), the Indemnifying Party shall be responsible for the reasonable fees and expenses of one counsel to such Indemnified Party in connection with such defense; (ii) the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party; (iii) the Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge, or offer to settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (provided that if the Indemnifying Party does not provide its consent to a settlement, compromise or discharge agreed to or recommended by the Indemnified Party, then the monetary indemnification limitations set forth in Section 9.3(d) shall not apply to any Losses resulting from such Third-Party Claim, and the amount of any difference between any such Losses and the proposed settlement amount shall not be considered in determining whether the monetary limitations set forth in Section 9.3(d) have been exceeded; and (iv) the Indemnifying Party shall not admit any liability with respect to, or settle, compromise or discharge, or offer to settle, compromise or discharge, such Third-Party Claim without the Indemnified Party's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed with respect to a settlement, compromise or discharge agreed to or recommended by the Indemnifying Party that consists solely of the payment of a monetary amount of $4,500,000 or greater (provided that if the Indemnified Party does not provide its consent to a settlement, compromise or discharge that is agreed to or recommended by the Indemnifying Party and that consists solely of the payment of a monetary amount, then the Indemnified Party shall be responsible for, and the Indemnifying Party shall have no indemnification obligations with respect to, all Losses resulting from such Third-Party Claim that are in excess of such monetary amount).

(d) In the event any of the conditions in Section 9.5(b) is or becomes unsatisfied, the Indemnified Party may defend against (with the Indemnifying Party responsible for the reasonable fees and expenses of counsel to the Indemnified Party) in connection with such defense, and consent to the entry of any judgment on or enter into any settlement with respect to, the Third-Party Claim in any manner the Indemnified Party may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith).

9.6. Purchase Price Adjustment. Parent, the Surviving Corporation and the Equityholders Representative (on behalf of the Equityholders) agree to treat each indemnification payment pursuant to this ARTICLE IX as an adjustment to the consideration being paid to the Equityholders for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law.

9.7. Fraud and Willful Misconduct. For the avoidance of doubt, nothing in this ARTICLE IX shall limit any Indemnified Party's right to bring an action in a court of law or equity alleging fraud or willful misconduct in connection with the transactions contemplated hereby that are otherwise available to such Indemnified Party and to recover Losses from any other Party hereto awarded by such court with respect thereto and the survival expiration periods

set forth in Section 9.1 and the limitations set forth in Section 9.3 shall not apply with respect to any such action.

ARTICLE X
TAX MATTERS

10.1. Tax Indemnity.

(a) Parent and the Surviving Corporation shall be indemnified as provided in Section 9.3(a) from and against, without duplication, any loss, claim, liability, expense or other damage attributable to (a) all Taxes (or the nonpayment thereof) of the Company or any of its Subsidiaries for all Pre-Closing Tax Periods, (b) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company or any of its Subsidiaries (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation §1.1502-6 or any analogous or similar state, local, or foreign law or regulation, and (c) any and all Taxes of any person imposed on the Company or any of its Subsidiaries as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing: provided, however, that no such indemnification shall be available for (1) any Tax to the extent such Tax relates to any Post-Closing Tax Period; (2) any Tax to the extent such Tax is taken into account in the computation of the Per Share Merger Consideration; or (3) any Tax to the extent the Tax resulted from any breach by Parent of any covenant or other agreement in this ARTICLE X.

(b) Parent shall be responsible for and indemnify the Equityholders from and against all Taxes (or the nonpayment thereof) of the Company or any of its Subsidiaries for all Post-Closing Tax Periods.

(c) For the avoidance of doubt, the Equityholders shall be entitled to receive the benefit (whether realized by refund of Taxes or by credit against Taxes of Parent, the Company or any of its Subsidiaries) attributable to any deductions allowed to the Surviving Corporation for the Transaction Expenses, plus any actual interest collected on any such refund or credits attributable to such deductions, received from the applicable Taxing authority; provided, however, that the Stockholder Parties shall indemnify and hold harmless (on a several basis based on their respective Indemnity Pro Rata Share) Parent and the Surviving Corporation for any excess payment made by Parent or the Surviving Corporation to the Equityholders Representative (for further distribution to the Equityholders, subject to Section 12.1(b)) with respect to any such deduction claimed. The Surviving Corporation shall, and shall cause its Subsidiaries to, cooperate with the Equityholders Representative in obtaining any refunds or credits which the Equityholders are entitled to receive the benefit of. Such cooperation shall include (i) informing the Equityholders Representative if and to the extent that Parent, the Company or any Subsidiary of the Company becomes aware of the possible availability of any such refund or credit, (ii) filing claims (including filing carryback claims and claims for the overpayment of estimated taxes on Internal Revenue Service Form 4466 and equivalent State forms) or amended Tax Returns at the request of the Equityholders Representative to obtain any such refund or credit and (iii) paying the amount of such credit or refund over to the Equityholders Representative (for further payment to the Equityholders in accordance with their respective Equity Ownership Percentages and the payment instructions set forth in their

respective Letters of Transmittal) by wire transfer within five (5) Business Days after the receipt thereof.

10.2. Responsibility for Filing Tax Returns.

(a) The Surviving Corporation shall prepare and file, or cause to be prepared and filed, at its sole cost and expense, all income Tax Returns of the Company or its Subsidiaries for any Pre-Closing Tax Period or Straddle Period that are filed or due (after taking into account all appropriate extensions) after the Closing Date. Such income Tax Returns shall be prepared on a basis consistent with existing procedures and practices and accounting methods and by KPMG. At least forty-five (45) days prior to the due date of each such Tax Return, the Surviving Corporation shall submit a draft of such Tax Return to the Equityholders Representative for its review and comment. The Surviving Corporation and the Equityholders Representative shall cooperate in the preparation and filing of such tax return and the Surviving Corporation shall give good faith consideration to any comments made by the Equityholders Representative and shall make all changes (including making or refraining from making any election) requested by the Equityholders Representative that are consistent with applicable Law and are necessary to implement the provisions of Section 2.9 or otherwise maximize the deductions taken in such returns.

(b) For purposes of preparing all Tax Returns, and for purposes of determining whether to make (or not to make) certain Tax elections, the Stockholder Parties, the Equityholders Representative and Parent agree to use the following conventions (and to cause the Company and Parent's other Affiliates to use the following conventions):

(i) Any tax deductions resulting from the payment or accrual of an amount in a Pre-Closing Tax Period shall be treated as occurring on the Closing Date and no Party shall make any election under Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) (or any similar provision of state, local, or non-U.S. applicable Law) to apply the "next day rule" to such deductions.

(ii) Any gains, income, deductions, losses, or other items resulting from transactions outside of the ordinary course of business and not contemplated by this Agreement occurring on the Closing Date at the direction of Parent, but after the Closing, shall be treated as occurring on the day after the Closing Date and each Party shall utilize the "next day rule" in Treasury Regulation Section 1.1502-76 (b)(1)(ii)(B) (or any similar provision of state, local, or non-U.S. applicable Law) for purposes of reporting such items on applicable Tax Returns.

(iii) No Party shall make an election under Treasury Regulation Section 1.1502-76(b)(2)(ii) (or any similar provision of state, local, or non-U.S. applicable Law) to ratably allocate items incurred by the Company or any of its Subsidiaries.

(iv) To the extent permissible under applicable Laws, to elect to have the Tax year of the Company end on the Closing Date and, if such election is not permitted or required in a jurisdiction such that the Company is required to file a Tax Return for a Straddle Period, the Parties agree to use the following conventions for determining the amount of Taxes

attributable to the portion of the Straddle Period ending on the Closing Date: (a) in the case of Income Taxes, Taxes imposed on sales or receipts, and Taxes imposed on payments, the amount attributable to such portion shall be determined as if the Company filed a separate Tax Return with respect to such Taxes for the portion of the Straddle Period ending as of the end of the day on the Closing Date using a "closing of the books methodology"; and (b) in the case of all other Taxes, the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined by multiplying the Taxes for the entire Straddle Period by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period. For purposes of clause (a), any item determined on an annual or periodic basis (including amortization and depreciation deductions) shall be allocated to the portion of the Straddle Period that ends on the Closing Date based on the relative number of days in such portion as compared to the number of days in the entire Straddle Period. Notwithstanding anything to the contrary herein, any estimated payments or payments from a prior tax period that are applied to a Straddle Period shall be applied entirely to the portion of the Straddle Period ending on the Closing Date.

(c) Parent, the Company, the Equityholders Representative and the Stockholder Parties shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this ARTICLE X and any audit, litigation or other proceeding with respect to Taxes (including Tax Contests). Such cooperation shall include the retention for the full period of any statute of limitations and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such Tax Return, audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Company and the Equityholders agree (A) to retain all books and records with respect to Tax matters pertinent to the Company and its Subsidiaries relating to any Taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Parent or the Equityholders, any extensions thereof) of the respective Taxable periods, and to abide by all record retention agreements relating to Taxes entered into with any taxing authority, and (B) to give the other Party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, the Company or the Equityholders, as the case may be, shall allow the other party to take possession of such books and records.

10.3. Tax Contests.

(a) If any taxing authority issues to the Company or any of its Subsidiaries (1) a notice of its intent to audit or conduct another legal proceeding with respect to a Tax Return or Taxes of the Company for any Pre-Closing Tax Period or Straddle Period or (2) a notice of deficiency for Taxes for any such period, Parent or the Company shall notify the Equityholders Representative of its receipt of such communication from the taxing authority within twenty (20) days of receipt. Such notice shall be accompanied by a copy of any written notice or other document received from the applicable taxing authority.

(b) Except as otherwise provided in this Section 10.3, the Surviving Corporation shall have the sole right to control, at its expense, the contest of any audit or other

Legal Proceedings in respect of any Taxes or Tax Returns of the Company or any of its Subsidiaries (a "Tax Contest"). The Equityholders Representative may, at its expense, participate in any such Tax Contest. No Tax Contest relating to a Pre-Closing Tax Period or a Straddle Period may be settled by the Surviving Corporation without Equityholders Representative's prior written consent if such settlement involves a matter for which Parent is seeking indemnification hereunder or a matter that is the subject of Section 10.5(b); provided, however, that no such consent by the Equityholders Representative shall be unreasonably withheld or delayed.

(c) In connection with any Tax Contest in which a Person elects to participate but does not have the right to control, (1) the participating Person shall notify the controlling Person of such intent, (2) the controlling Person shall take all actions necessary to allow the participating Person (and its counsel) to fully participate in such Tax Contest, (3) the controlling Person (and its counsel) shall consult with the participating Person (and its counsel) regarding the conduct of such Tax Contest and vice versa, (4) the controlling Person shall timely provide the participating Person with copies of all correspondence and other documents received regarding the Tax Contest from the applicable taxing authority, and (5) the controlling Person shall permit the participating Person to review and comment on any correspondence and other documents that will be provided to the taxing authority with respect to such Tax Contest to the extent that such correspondence or other documents may reasonably be expected to have an impact on the participating Person.

(d) In connection with any Tax Contest in which a Person has the right to participate but elects not to do so, the controlling Person nevertheless shall keep such Person reasonably informed regarding the status of such Tax Contest.

10.4. Assistance and Cooperation. The Equityholders Representative and Parent shall furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information (including access to books and records) and assistance relating to the Company and its Subsidiaries as is reasonably requested for the filing of any Tax Returns, for the preparation of any audit, for the filing of Tax refund claims or amended Tax Returns and for the prosecution or defense of any Tax claim. Parent shall, and shall cause the Surviving Corporation and its Subsidiaries to, preserve and keep all books and records with respect to Taxes and Tax Returns of the Company and its Subsidiaries until the expiration of the applicable statute of limitations. Any information obtained under this Section 10.4 shall be kept confidential except (a) as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding or (b) with the consent of the party in possession of such information.

10.5. Transfer Taxes.

(a) Any and all transfer, documentary, sales, use, stamp, registration and other Taxes and fees payable in connection with the consummation of the transactions contemplated by this Agreement (which for the avoidance of doubt do not include any such transfer or other Taxes referenced under Section 10.5(b)) shall be split equally between Parent, on the one hand, and the Equityholders, on the other hand, and shall be paid by Parent and the Equityholders Representative (on behalf of the Equityholders) when due, and Parent shall, at its own expense,

file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by Law, the Equityholders Representative, on behalf of the Equityholders, shall join in the execution of any such Tax Returns and documentation.

(b) Any and all transfer, documentary, sales, use, stamp, registration and other Taxes and fees payable by the Company or any of its Subsidiaries relating to the transfer of title of any Owned Real Property to the Company or any of its Subsidiaries, or any filing or recording made by the Company or any of its Subsidiaries to reflect the Company or any of its Subsidiaries as the legal owner of any Owned Real Property, shall be paid by the Equityholders Representative (on behalf of the Equityholders) when due, and the Equityholders Representative shall, at its own expense, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by Law, the Surviving Corporation and any applicable Subsidiary shall join in the execution of any such Tax Returns and documentation.

10.6. Treatment of Payments. All amounts paid under this ARTICLE X shall, to the extent permitted by Law, be treated for all purposes as adjustments to the consideration payable to the Equityholders hereunder.

ARTICLE XI
DEFINITIONS; CONSTRUCTION

11.1. Definitions. For the purposes of this Agreement:

"280G Waiver" is defined in Section 6.16.

"401(k) Plan" is defined in Section 6.5(b).

"Accounting Arbitrator" means Grant Thornton LLP.

"Accounting Conventions" means the illustrative calculation and the accounting principles, procedures, practices, policies and calculations set forth on Section 11.1(a) of the Disclosure Letter.

"Acquisition Date" means March 31, 2011.

"Acquisition Proposal" means any inquiry, proposal or offer from any Person (other than Parent or any of its Affiliates) concerning or relating to (a) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company or any of its Subsidiaries; (b) the issuance or acquisition of shares of capital stock or other Equity Securities of the Company or any of its Subsidiaries; or (c) the sale, lease, exchange or other disposition of any significant portion of the Company's or any of its Subsidiaries' properties or assets.

"Affidavit of Loss" is defined in Section 2.4(d).

"Affiliate" means, with respect to the Person to which it refers, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person. For the purpose of this definition, the term "control" of a Person means the power to direct, or cause the direction of, the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms and phrases "controlling," "controlled by" and "under common control" have correlative meanings.

"Agreement" is defined in the Preamble.

"Applicable Law" means, with respect to any Person, any Law that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

"Balance Sheets" is defined in Section 3.7(a).

"Balance Sheet Date" is defined in Section 3.7(a).

"Board" is defined in Recital B.

"Business" means the distribution and marketing of automotive aftermarket parts and accessories as conducted by the Company and its Subsidiaries.

"Business Day" means any day of the year on which national banking institutions in the State of New York are open to the public for conducting business and are not required to close.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Certificate" means a certificate evidencing shares of Common Stock.

"Certificate of Merger" is defined in Section 1.3.

"Claim Certificate" is defined in Section 9.4(a).

"Class A Common Stock" means the Company's Class A Common Stock, par value $0.01 per share.

"Class B Common Stock" means the Company's Class B Common Stock, par value $0.01 per share.

"Closing" is defined in Section 1.2.

"Closing Bank Debt" means the outstanding obligations of the Company and its Subsidiaries as of immediately prior to the Effective Time under the Senior Credit Facilities (including any interest, fees or penalties (including prepayment penalties) accrued or owed with respect thereto).

"Closing Date" is defined in Section 1.2.

"Closing Net Working Capital" is defined on Section 2.6 of the Disclosure Letter.

"Closing Statement" is defined in Section 2.6(b).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Common Stock" means the Class A Common Stock and the Class B Common Stock (including Restricted Stock).

"Company" is defined in the Preamble.

"Company Employee Plan" means any plan, program, policy, practice, contract, agreement or other arrangement (written or oral) providing for deferred compensation, profit sharing, bonus, severance, change-of-control payments, termination pay, performance awards, stock option, share appreciation right or other stock-related awards, fringe benefits, group or individual health, dental, medical, life insurance, survivor benefit or other welfare, pension or other employee benefits or remuneration of any kind, whether formal or informal, funded or unfunded, including each "employee benefit plan" within the meaning of Section 3 (3) of ERISA, whether or not subject to ERISA, which is or has been maintained, contributed to, or required to be contributed to, by the Company or any of its Subsidiaries or ERISA Affiliates for the benefit of any Employee, or pursuant to which the Company or any of its Subsidiaries has or may have any liability, contingent or otherwise.

"Company Equity Incentive Plan" means the Keystone Automotive Holdings, Inc. Stock Incentive Plan.

"Company Fundamental Representations" means the representations and warranties set forth in Sections 3.1 through 3.4, 3.20 and 3.25.

"Company Intellectual Property" means any Intellectual Property that is owned by the Company or one of its Subsidiaries.

"Company Material Adverse Effect" means a material adverse effect on the Business, assets, properties, Liabilities, capitalization, operations, or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole; provided, however, that none of the following will be deemed, either alone or in combination, to constitute, and none of the following will be taken into account in determining whether there has been or will be, a Company Material Adverse Effect: (i) events, changes, developments or circumstances relating to the industries or the markets in which the Company and its Subsidiaries operate, including changes resulting from weather or natural conditions, (ii) events, changes, developments, conditions or circumstances that effect the United States economy generally, (iii) an outbreak or escalation of war, armed hostilities, acts of terrorism, political instability or other national or international calamity, crisis or emergency, or any governmental or other response to any of the foregoing, in each case, whether occurring within or outside the United States, (iv) changes in Law or GAAP, (v) any change, effect, circumstance or event arising from the announcement of this Agreement or (vii) any action or omission of the Company or any of its Subsidiaries prior to the Closing Date contemplated by this Agreement or taken with the prior written consent of Parent, as long as, in the case of the foregoing clauses (i) through (iv), such change,

circumstance, event or effect has not had, or would not reasonably be expected to have, a materially disproportionate adverse impact on the Company and its Subsidiaries, taken as a whole, relative to other Persons operating in the industry sector or sectors in which the Company and its Subsidiaries operate.

"Company's Knowledge" (including any derivation thereof such as "known" or "knowing") means the actual or constructive knowledge of any of Edward Orzetti, Rich Paradise, Kevin Canavan or Rudy Esteves.

"Confidentiality Agreement" is defined in Section 6.2.

"Consents" means approvals, consents (including negative consents), waivers, filings, authorizations, Licenses, notices, reports or similar items.

"Constitutional Documents" means, as to any Person, the constitutional or organizational documents of such Person, including any charter, certificate or articles of incorporation, certificate of formation, articles of association, bylaws, trust instrument, partnership agreement, limited liability company or operating agreement or similar document.

"Contract" means any written or oral agreement, contract, outstanding purchase orders, mortgage, indenture, lease, license, instrument, document, obligation or commitment that is legally binding, including all amendments, modifications and supplements thereto; provided, however, that the term "Contract" does not include purchase orders received in the ordinary course of business.

"Covered Persons" is defined in Section 6.4(a).

"DGCL" is defined in Recital A.

"Disclosure Letter" is the Disclosure Letter, dated as of the date of this Agreement and delivered herewith to Parent.

"Dissenting Shares" is defined in Section 2.2.

"Effective Time" is defined in Section 1.3.

"Employee" means any current, former, or retired employee of the Company or any of its Subsidiaries.

"Environmental Claim" means any Legal Action, Judgment, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging Liability of whatever kind or nature (including Liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Permit.

"Environmental Law" means any and all Applicable Laws and Licenses issued, promulgated or entered into by any Governmental Entity relating to the environment, the protection or preservation of human health or safety, including the health and safety of employees, the regulation, manufacture, packaging, transportation, storage, import, export, or disposal of chemical substances, mixtures, articles, or petroleum products, the preservation or reclamation of natural resources, or the treatment, storage, disposal, management, Release or threatened Release of Hazardous Materials, in each case as in effect on the date hereof and as may be issued, promulgated or amended from time to time.

"Equityholders" means the Stockholders, the holders of any Restricted Stock Units and the Option Holders.

"Equityholders Representative" is defined in the Preamble.

"Equity Interest" means, with respect to any Person, any outstanding Equity Securities, subscriptions, options, calls, warrants or other rights to acquire Equity Securities whether or not currently exercisable.

"Equity Ownership Percentage" means, for each Equityholder, an amount equal to the fraction, expressed as a percentage (rounded to six decimal places), the numerator of which is the sum of (a) the number of shares of Common Stock held by such Equityholder immediately prior to the Effective Time (including any shares of Class B Common Stock issuable upon settlement of the Restricted Stock Units), if any, *plus*, (b) the number of shares of Class B Common Stock that are the subject of Stock Options held by such Equityholder immediately prior to the cancellation of such Stock Options as contemplated by this Agreement, if any, and the denominator of which is the number of Fully Diluted Shares Outstanding.

"Equity Securities" means, with respect to any Person, any of its capital stock, partnership interests (general or limited), limited liability company interests, trust interests or other securities which entitle the holder thereof to participate in the earnings of such Person or to receive dividends or distributions on liquidation, winding up or dissolution of such Person, or to vote for the election of directors or other management of such Person, or to exercise other rights generally afforded to stockholders of a corporation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person that, together with the Company or any of its Subsidiaries, would be treated as a single employer under Section 414 of the Code or Section 4001 of ERISA and the regulations thereunder within the past 7 years.

"Estimated Closing Cash" is defined in Section 2.6(a).

"Estimated Closing Net Working Capital" is defined in Section 2.6(a).

"Estimated Statement" is defined in Section 2.6(a).

"Exercise Price" means, with respect to any outstanding Stock Option, the aggregate amount that would be required to be paid in order to exercise such Stock Option.

"Financial Statements" is defined in Section 3.7(a).

"Fully Diluted Shares Outstanding" means, excluding treasury shares, the sum of (a) the number of shares of Common Stock outstanding immediately prior to the Effective Time (including shares of Restricted Stock, without regard to any voting restrictions), *plus* (b) the number of shares of Common Stock issuable in settlement of any outstanding Restricted Stock Units), *plus* (c) the number of shares of Class B Common Stock that would be issuable upon exercise of all Stock Options outstanding immediately prior to the Effective Time (without regard to any vesting restrictions).

"GAAP" means generally accepted accounting principles in the United States as in effect on the date of this Agreement.

"Governmental Entity" means any court, administrative agency, department, commission, board, bureau, or other federal, state, county, local or foreign governmental entity, instrumentality, agency or commission.

"Hazardous Material" means those materials, substances, biogenic materials, articles, or wastes that are regulated by, or form the basis of liability under, any Environmental Law, including PCBs, pollutants, solid wastes, explosive, radioactive or regulated materials or substances, hazardous or toxic materials, substances, wastes or chemicals, mixtures of chemical substances, special materials, petroleum (including crude oil or any fraction thereof) or petroleum distillates, asbestos or asbestos containing materials, materials listed in 49 C.F.R. Section 172.101 and materials defined as hazardous substances pursuant to Section 101 (14) of CERCLA.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"HSR Filing" is defined in Section 6.3(d).

"Improvements" is defined in Section 3.11(f).

"Indebtedness" of any Person means (a) all indebtedness for borrowed money, (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (in each case, whether or not matured or payable), other than trade accounts arising in the ordinary course of business consistent with past practice, (c) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (d) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by such Person, (e) all obligations of such Person under any interest rate, currency or other hedging agreement, (f) all obligations of such Person as lessee under arrangements entered into after the Balance Sheet Date, which should be capitalized in accordance with GAAP, (g) without duplication, all indebtedness referred to in clauses (a) through (f) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such Indebtedness, and (h) without duplication, all agreements,

undertakings or arrangements by which such Person guarantees, endorses or otherwise becomes or is contingently liable for (by direct or indirect, contingent or otherwise, agreement to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise assure a creditor against loss) the Indebtedness of any other Person, or guarantees the payment of dividends or other distributions upon the equity securities or interests of any other Person; provided, however, that Indebtedness does not include (w) any amounts accrued for financing fees, (x) any obligation to indemnify a Person pursuant to the Company's and its Subsidiaries' Constitutional Documents or insurance policies or reimburse ordinary business expenses, (y) any reimbursement obligations with respect to surety bonds, letters of credit, bankers' acceptances and similar instruments (in each case, whether or not matured), or (z) any individual cash account balances that are in an overdraft position (i.e. negative cash), if any, which previously had been recorded under GAAP as indebtedness on the Balance Sheets.

"Indemnified Party" is defined in Section 9.4(a).

"Indemnifying Party" is defined in Section 9.4(b).

"Indemnity Pro Rata Share" means, as to Sphere 70.90%, and to Cetus Capital, LLC, 29.10%.

"Initial Per Share Merger Consideration" means an amount equal to (i) the sum of (A) the Net Initial Equity Consideration, *plus* (B) the aggregate amount of the Exercise Prices of the Stock Options that are outstanding immediately prior to the cancellation and settlement thereof in accordance with Section 2.3(a), *divided by* (ii) the number of Fully Diluted Shares Outstanding.

"Initial Stock Option Cancellation Payment" means, with respect to any outstanding Stock Option, an amount in cash equal to (i) the product of (A) the Initial Per Share Merger Consideration *multiplied by* (B) the total number of shares of Class B Common Stock issuable upon exercise of such Stock Option immediately prior to the cancellation thereof, *minus* (ii) the Exercise Price of such Stock Option.

"Intellectual Property" means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world: (a) trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered or unregistered, and all registrations and applications for registration of such trademarks, including intent-to-use applications, all issuances, extensions and renewals of such registrations and applications and the goodwill connected with the use of and symbolized by any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Entity and all related user accounts and social networking pages; (c) original works of authorship in any medium of expression, whether or not published, all copyrights (whether registered or unregistered), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications; (d) confidential information, formulas, designs, devices, technology, know-how, research and development, inventions, methods, processes, compositions and other trade secrets, whether or not patentable; and (e) patented and patentable designs and

inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications.

"Intellectual Property Registrations" is defined in Section 3.12(a).

"Judgment" means, with respect to any Person, any order, injunction, judgment, stipulation, award, decision, decree, verdict, ruling or other similar requirement enacted, adopted, entered, issued, made, rendered, promulgated or applied by a Governmental Entity or arbitrator that is binding upon or applicable to such Person.

"KAO" means Keystone Automotive Operations, Inc., a Pennsylvania corporation.

"Key Employee" means any Employee with annual base compensation in excess of $100,000.

"Law" means any federal, state, foreign or local law, statute, ordinance, annex, rule, order, regulation, writ, injunction, directive, judgment, treaty, decree or administrative or judicial decision.

"Leased Real Property" is defined in Section 3.11(b).

"Legal Action" means any action, suit, proceeding, lawsuit, arbitration, notice of violation, litigation, citation or known investigation, in each case of any nature, civil, criminal, administrative, regulatory or otherwise, in Law or in equity, by or before any court, tribunal, arbitrator or other Governmental Entity.

"Letter of Transmittal" is defined in Section 2.4(a).

"Letters of Credit" is defined in Section 3.7(c).

"Letters of Credit Agreement" is defined in Section 3.7(c).

"Liability" means any liability or other similar obligation (whether known or unknown, asserted or unasserted, fixed, absolute or contingent, matured or unmatured, determined or determinable, accrued or unaccrued, liquidated or unliquidated).

"Licenses" means all Consents, licenses, permits, certificates, variances, exemptions, franchises and other approvals or authorizations issued, granted, given, required or otherwise made available by any Governmental Entity.

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, charge, hypothecation, option to purchase or lease or otherwise acquire any interest, conditional sales or other title retention agreement, adverse claim of ownership or use, title defect, title exception, easement, right of way, proxy, voting trust or agreement, transfer restriction under any stockholder or similar agreement, or encumbrance of any nature whatsoever.

"Losses" shall mean, without duplication for purposes of recovery, losses, Liabilities, damages, penalties, costs and expenses, including reasonable attorneys' fees and expenses, settlement payments, awards, judgments, fines, deficiencies and expenses of investigation and defense.

"Material Contract" is defined in Section 3.13(b).

"Merger" is defined in Recital A.

"Merger Sub" is defined in the Preamble.

"Mortgage" means the Mortgage, by and between KAO and the Equityholders Representative, in substantially the form of Exhibit B attached hereto.

"Net Closing Cash" means the consolidated cash and cash equivalents of the Company and its Subsidiaries as of the close of business on the Closing Date (without giving effect to any increases or decreases in cash and cash equivalents in connection with the Closing), prepared in accordance with the illustrative calculation and the accounting principles, procedures, practices, policies and calculations set forth on Section 2.6(a) of the Disclosure Letter. For the avoidance of doubt, Net Closing Cash shall include any cash or cash equivalents held by the Company or any of its Subsidiaries with respect to the Unpaid Class B Dividends and shall include any individual cash account balances that are in an overdraft position (i.e. negative cash), if any, which previously has been recorded under GAAP as indebtedness on the Balance Sheets.

"Net Initial Equity Consideration" means an amount determined in accordance with the calculation set forth on Section 11.1(b) of the Disclosure Letter.

"Net Working Capital Schedule" is defined in Section 3.7(d).

"NTP Payments" means the deferred payments required to be paid to Messrs. Gregory M. Boyd, Robert L. Morter and Steven M. Whitrock under Section 1.4(a)(iv) and (v) of the NTP SPA.

"NTP SPA" means that certain Stock Purchase Agreement, dated October 14, 2011, by and among NTP Distribution, Inc., KAO, and Messrs. Gregory M. Boyd, Robert L. Morter, and Steven M. Whitrock.

"Option Consent Agreement" means the Option Consent Agreements to be entered into between the Company and the Option Holders in a form satisfactory to the Company and Parent.

"Option Holders" means the holders of the outstanding Stock Options.

"Outside Date" is defined in Section 8.1(b)(i).

"Owned Real Property" is defined in Section 3.11(a).

"Parent" is defined in the Preamble.

"Parent Benefit Plans" is defined in Section 6.5(a).

"Parent Material Adverse Effect" means any event, circumstance, change, occurrence, state of facts, development or effect that, individually or in the aggregate would prevent or materially impair the ability of Parent or Merger Sub to consummate the Merger.

"Parties" means Parent, Merger Sub, the Company, the Stockholder Parties and the Equityholders Representative and "Party" means any of the Parties.

"Payoff Letters" is defined in Section 6.18.

"Permits" means a permit, license, approval, franchise, certificate, waiver, consent, exemption, registration or authority of any Governmental Entity.

"Permitted Liens" means, with respect to any Person, (i) Liens for Taxes, if such Taxes are not yet due and payable or the Person is contesting them in good faith and has established adequate reserves for them; (ii) unrecorded workmen's, repairmen's or other similar Liens incurred in the ordinary course of business in respect of obligations which are not overdue, (iii) imperfections of title and encumbrances, if any, as are not substantial in character, amount or extent and do not individually or in the aggregate, impair the continued use, occupancy, value or marketability of title of the property to which they relate, assuming that the property is used on substantially the same basis as such property is currently being used by the Company and its Subsidiaries, (iv) pledges or deposits made in the ordinary course of business consistent with past practice in connection with worker's compensation, unemployment insurance or other programs required by Applicable Law, and (v) Liens against or affecting leased property which is not a violation of the lease for such property and is not a result of actions of the Company or any of its Subsidiaries.

"Per Share Merger Consideration" is defined in Section 2.1(a).

"Person" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Entity or other entity.

"Personal Property Lease" is defined in Section 3.10(b).

"Post-Closing Tax Period" means (a) any taxable period beginning after the Closing Date and (b) the portion of any Straddle Period beginning after the Closing Date.

"Pre-Closing Tax Period" means (a) any taxable period ending on or before the Closing Date and (b) the portion of any Straddle Period ending on the Closing Date.

"Promissory Note" means a Secured Promissory Note to be delivered by Parent to the Equityholders Representative at Closing in substantially the form of Exhibit A attached hereto.

"Qualified Benefit Plan" is defined in Section 3.19(c).

"Real Property" means the Owned Real Property and the Leased Real Property.

"Real Property Lease" is defined in Section 3.11(b).

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Substance, pollutant, contaminant, chemical substance, or mixtures of chemical substances).

"Representative Holdback Amount" means One Million Five Hundred Thousand Dollars ($1,500,000).

"Representatives" means, with respect to a Person, such Person's directors, managers, officers, employees, accountants, legal counsel, advisors, agents, regulatory, compliance or environmental consultants and other representatives.

"Reserved Equity Interests" means the additional Equity Interests required to be granted in connection with the transactions contemplated by this Agreement pursuant to Section 12 of the Company Equity Incentive Plan.

"Restricted Stock" means the outstanding restricted shares of Class B Common Stock issued under the Company Equity Incentive Plan (including any Reserved Equity Interests that are issued as Restricted Stock).

"Restricted Stock Unit Consent Agreement" means the Restricted Stock Unit Consent Agreement to be entered into between the Company and the holders of Restricted Stock Units in a form satisfactory to the Company and Parent.

"Restricted Stock Units" means the Restricted Stock Units granted pursuant to the Company Equity Incentive Plan (including any Reserved Equity Interests that are issued as Restricted Stock Units).

"Revolving Credit Facility" means the credit facility provided to the Company and its Subsidiaries pursuant to that certain Amended and Restated Revolving Credit Agreement, dated as of August 15, 2013, among the Company, a Subsidiary of the Company, certain lenders party thereto and Bank of America, N.A., as Administrative Agent, Issuing Bank and Swingline Lender.

"Senior Credit Facilities" means the Revolving Credit Facility and the credit facilities provided to the Company and its Subsidiaries pursuant to that certain Term Loan Credit Agreement and that certain Term Loan Credit Agreement (Second Lien), each dated as of August 15, 2013, and each among the Company, a Subsidiary of the Company, various lenders and UBS AG, Stamford Branch, in its capacity as administrative agent.

"Sphere" means Sphere Capital, LLC-Series A, a Delaware limited liability company.

"Stockholder Approval" means the irrevocable adoption of this Agreement by Stockholders (whether at a special meeting of the Stockholders or by written consent) holding more than 50% of the outstanding shares of Common Stock.

"Stockholder Material Adverse Effect" means any event, circumstance, change, occurrence, state of facts, development or effect that, individually or in the aggregate would prevent or materially impair the ability of a Stockholder to perform its obligations under this Agreement.

"Stockholder Parties" is defined in the Preamble.

"Stockholders" means the holders of shares of Common Stock.

"Stockholder Agreement" means the Stockholder Agreement, dated as of March 30, 2011, by and among the Company and certain of its stockholders party thereto.

"Stock Options" means the options to purchase shares of Class B Common Stock granted pursuant to the Company Equity Incentive Plan (including any Reserved Equity Interests that are issued as options to purchase shares of Class B Common Stock).

"Straddle Period" means any taxable period that begins on or before the Closing Date and ends after the Closing Date.

"Subsequent Payments" means the payments made (A) under the Promissory Note, when and as provided therein, (B) from the Representative Holdback Amount, when and as provided in Section 2.7, (C) in connection with the final determination of Closing Net Working Capital and Net Closing Cash, when and as provided in Section 2.6(d), and (D) in connection with the receipt of any Tax Refunds or other Tax related payments, when and as provided in Section 10.1(c).

"Subsidiary" of any Person means (a) a corporation of which such Person owns or controls such number of the voting securities which is sufficient to elect at least a majority of its Board of Directors or (b) a partnership or limited liability company of which such Person (either alone or through or together with any other Subsidiary) is the general partner or managing entity.

"Surviving Corporation" is defined in Section 1.1.

"Target Closing Net Working Capital" means $135,700,000.

"Tax" means (a) any federal, state, local, or foreign tax, charge, duty, fee, escheat or unclaimed property, levy or other assessment, including income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real or personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, whether disputed or not, imposed by any taxing authority, and including any interest, penalty, or addition thereto, (b) any liability for the payment of any amount imposed on any Person of the type described in clause (a) as a result of being or having been a member of an affiliated, consolidated, combined, unitary or similar group for Tax purposes, and (c) any liability for the payment of any amount imposed on any Person of a type described in clause (a) or clause (b) as a transferee or successor or as a result of any existing express or implied indemnification agreement or arrangement.

"Tax Contest" is defined in Section 10.3(b).

"Tax Returns" means all returns, declarations, reports, claims for refund, information statements and other documents relating to Taxes, including all schedules and attachments thereto, and including all amendments thereof.

"Third-Party Claim" is defined in Section 9.5(a).

"Transaction Documents" means the Letters of Transmittal, the Promissory Note, the Mortgage, the Option Consent Agreements, the Restricted Stock Unit Consent Agreement and the letter agreement, dated as of the date hereof, between Sphere and Parent.

"Transaction Expenses" means (i) all fees, costs and expenses (including investment bankers and financial advisors, attorneys' and accountants' reasonable fees, costs and expenses) incurred by the Company (on behalf of the Company or any Equityholder) in connection with the transactions contemplated by this Agreement and (ii) the change of control bonus payments payable to Don Wittkopp, Tom Berger and Martha Asselin in the cumulative amount of $100,000, plus all applicable payroll Taxes and withholding Taxes. For the avoidance of doubt, Transaction Expenses shall not include any payments made to the Option Holders or the holders of Restricted Stock Units in connection with the cancellation of the Stock Options and the Restricted Stock Units, but shall include the cost of the run-off directors' and officers' liability insurance policy purchased in accordance with Section 6.4(c).

"Union" is defined in Section 3.18(b).

"Unpaid Class B Dividends" means the aggregate unpaid amount of the dividends declared by the Company with respect to the outstanding shares of Class B Common Stock, which aggregate amount, as of the date of this Agreement, is $7,770,495.

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, and any other similar Applicable Law of any state, locality or other Governmental Entity.

"WC Deficiency" is defined in Section 2.6(d).

"WC Estimated Surplus" means the amount, if any, by which the Estimated Closing Net Working Capital is greater than the Target Closing Net Working Capital.

11.2. Construction.

(a) Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement.

(b) The words "include" and "including" and variations thereof shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation".

(c) Except as otherwise indicated, all references in this Agreement to "Articles", "Sections", "Exhibits" and "Schedules" are intended to refer to the Articles and Sections of this Agreement, and to the Exhibits and Schedules to this Agreement, including the Disclosure Letter, as the context may require. All such Exhibits and Schedules, including the Disclosure Letter, shall be deemed a part of, and are hereby incorporated by this reference into, this Agreement.

(d) As used in this Agreement, a document shall be deemed to have been "made available" to Parent if, prior to the date of this Agreement and through the date of this Agreement, such document has been made available for viewing by Parent in the electronic data room established by the Company in connection with the transactions contemplated by this Agreement.

(e) The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE XII
GENERAL PROVISIONS

12.1. Equityholders Representative; Power of Attorney.

(a) The Company hereby initially appoints Sphere as the Equityholders Representative, as the true and lawful agent and attorney-in-fact of the Equityholders to take any action (or refrain from taking any action) on behalf of the Equityholders that is contemplated to be taken by the Equityholders Representative in that capacity by this Agreement, including to (i) give and receive notices and communications to or from Parent (on behalf of itself or any other Indemnified Party) relating to this Agreement or the Promissory Note, or any of the transactions and other matters contemplated hereby or thereby (except to the extent that this Agreement or the Promissory Note expressly contemplates that any such notice or communication shall be given or received by the Equityholders individually); (ii) object to any claims pursuant to Section 9.4 or Section 9.5; (iii) consent or agree to, negotiate, enter into settlements and compromises of, and agree to arbitration and comply with orders of courts and awards of arbitrators with respect to, such claims; (iv) assert, negotiate, enter into settlements and compromises of, and agree to arbitration and comply with orders of courts and awards of arbitrators with respect to, any other claim by any Indemnified Party relating to this Agreement, the Promissory Note or the transactions contemplated hereby or thereby; (v) amend this Agreement or the Promissory Note to reduce the principal amount of the Promissory Note as contemplated by this Agreement); and (vi) take all actions necessary or appropriate in the judgment of the Equityholders Representative for the accomplishment of the foregoing, in each case without having to seek or obtain the consent of any Person under any circumstance. Sphere hereby accepts such appointment and agrees to act in such capacity. The Person serving as the Equityholders Representative may be replaced at any time by the Equityholders who held a majority of the shares of voting Common Stock immediately prior to the Effective Time. No bond shall be required of the Equityholders Representative, and the Equityholders Representative shall receive no compensation for its services.

(b) The Equityholders Representative shall not be liable to any Person for any act done or omitted hereunder as the Equityholders Representative while acting in good faith and any act done or omitted pursuant to the advice of counsel shall be conclusive evidence of such good faith. The Equityholders Representative shall be reimbursed from the Equityholders Representative Holdback Amount for any reasonable expenses (including the reasonable fees of counsel) incurred in the performance of the Equityholders Representative's duties hereunder. Notwithstanding anything to the contrary in this Agreement, if the Equityholders Representative reasonably believes that payments for which it is to be reimbursed from the Representative Holdback Amount pursuant to this Section 12.1(b) or payments in respect of indemnification obligations set forth in Section 9.2(a) are likely to be made in the future, then the Equityholders Representative may withhold the estimated amount of such future payments from any amounts otherwise required to be distributed to the Equityholders under this Agreement.

(c) Each Stockholder Party agrees that Parent shall be entitled to unconditionally assume that any action taken or omitted, or any document executed by, Sphere purporting to act as Equityholders Representative under or pursuant to this Agreement or in connection with any of the transactions contemplated by this Agreement has been authorized by the Equityholders to be taken, omitted to be taken or executed on such Equityholders' behalf so that such Equityholders will be legally bound thereby, and each Stockholder Party agrees not to institute any claim, lawsuit, arbitration or other proceeding against Parent alleging that Sphere did not have the authority to act as the Equityholders Representative on behalf of the Equityholders in connection with any such action, omission or execution. No modification or revocation of the power of attorney granted by the Stockholder Parties to Sphere to serve as the Equityholders Representative shall be effective as against Parent until Parent has received a document signed by Stockholders holding Common Stock representing a majority of the voting power of the Company immediately prior to the Effective Time effecting said modification or revocation.

(d) The Equityholders Representative may resign at any time by giving thirty (30) days' written notice to Parent and the Stockholders; provided, however, that such resignation shall not be effective unless and until a successor stockholders' representative has been appointed by Stockholders holding Common Stock representing a majority of the voting power of the Company immediately prior to the Effective Time and such successor accepts such position and the terms hereof.

(e) If the Equityholders Representative is a natural Person and dies or is otherwise unable to perform his or her obligations under this Agreement or, if the Equityholders Representative is not a natural Person and becomes bankrupt, insolvent or ceases to exist, then a successor to the Equityholders Representative shall be appointed by Stockholders holding Common Stock representing a majority of the voting power of the Company immediately prior to the Effective Time.

12.2. Expenses. Except as otherwise specifically provided herein, each Party shall bear all fees, costs and expenses (including investment bankers and financial advisors, attorneys' and accountants' fees, costs and expenses) incurred by such Party in connection with the transactions contemplated by this Agreement.

12.3. Public Announcements. No public release or announcement concerning the Merger or the transactions contemplated hereby shall be issued by any Party without the prior written consent of Parent and the Company (for any such release or announcement prior to the Effective Time) or the Equityholders Representative (for any such release or announcement after the Effective Time), which consent shall not be unreasonably withheld or delayed, except as such release or announcement may be required by Applicable Law or the rules or regulations of any stock exchange or applicable Governmental Entity to which the relevant Party is subject, in which case the Party required to make the release or announcement shall use its commercially reasonable efforts to provide the other Party reasonable time to comment on such release or announcement in advance of such issuance, it being understood that the final form and content of any such release or announcement, to the extent so required, shall be at the final discretion of the disclosing Party; provided, that this Section 12.3 shall not apply to (i) Parent's filings with the Securities and Exchange Commission on forms 10-Q, 10-K or 8-K, including any filing that includes this Agreement as an exhibit or (ii) any regularly scheduled earnings call conducted by Parent.

12.4. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if properly addressed as provided below as follows: (a) if delivered personally or by facsimile or other electronic transmission (with acknowledgment of a complete transmission), on the day of delivery; (b) if delivered by a nationally recognized courier (appropriately marked for next day delivery), one (1) Business Day after dispatch; or (c) if delivered by registered or certified mail (return receipt requested) or by first class mail, three (3) Business Days after mailing. Notices shall be deemed to be properly addressed if addressed to the following addresses or facsimile numbers (or at such other address or facsimile number as shall be specified by like notice):

(a) if to Parent or Merger Sub (or to the Surviving Corporation after the Effective Time), to:

LKQ Corporation
500 West Madison Street, Suite 2800
Chicago, Illinois 60661
Attention: General Counsel
Facsimile: (312) 207-1529

with a copy (which shall not constitute notice) to:

K&L Gates LLP
70 West Madison Street, Suite 3100
Chicago, Illinois 60602
Attention: J. Craig Walker
Facsimile: (312) 827-8179
Email: craig.walker@klgates.com

(b) if to the Company prior to the Effective Time, to:

Keystone Automotive Holdings, Inc.
44 Tunkahannock Avenue
Exeter, PA 18643
Attention: President
Facsimile: (570) 655-8203

with a copy (which shall not constitute notice) to:

Bingham McCutchen LLP
600 Anton Boulevard, Suite 1800
Costa Mesa, CA 92626
Attention: James W. Loss, Esq.
Facsimile: (714) 830-0726

(c) if to the Equityholders Representative to:

Sphere Capital, LLC-Series A
360 North Crescent Drive, South Building
Beverly Hills, CA 90210
Attention: General Counsel
Facsimile: (310) 712-1863

with a copy (which shall not constitute notice) to:

Bingham McCutchen LLP
600 Anton Boulevard, Suite 1800
Costa Mesa, CA 92626
Attention: James W. Loss, Esq.
Facsimile: (714) 830-0726

12.5. Entire Agreement. This Agreement, the Exhibits and the Schedules hereto, including the Disclosure Letter, the Transaction Documents and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof.

12.6. Severability. In the event that any provision of this Agreement or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision will be interpreted so as reasonably to effect the intent of the Parties. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the greatest extent possible, the economic, business and other purposes of such void or unenforceable provision.

12.7. Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be

entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at Law or in equity.

12.8. Successors and Assigns; Assignment; Parties in Interest. This Agreement shall inure to the benefit of, and be binding on, the Parties and their respective successors and assigns (if any). Except as otherwise specifically provided herein, no Party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other Parties. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than a Party any rights, interests, benefits or other remedies of any nature under or by reason of this Agreement, except that the indemnification provisions of this Agreement are intended to benefit the Indemnified Parties, and the provisions of Section 6.4 are intended to benefit the Covered Persons, and all such intended third-party beneficiaries shall be entitled to enforce such provisions of this Agreement.

12.9. Amendment; Waiver. This Agreement may be amended by the Parties only by execution of an instrument in writing signed by (a) Parent and the Company if such instrument is executed prior to the Effective Time or (b) Parent and the Equityholders Representative if such instrument is executed after the Effective Time. At any time prior to the Effective Time, Parent and Merger Sub, on the one hand, and the Company, on the other, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations of the other Parties, (ii) waive any inaccuracies in the representations and warranties made to such Party contained herein or in any document delivered pursuant hereto or (iii) waive compliance with any of the agreements or conditions for the benefit of such Party contained herein. Any agreement by any Party to any such extension or waiver shall be valid only if, and to the extent, set forth in an instrument in writing signed on behalf of such Party. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

12.10. Governing Law; Venue.

(a) This Agreement shall be construed in accordance with, and governed in all respects by, the internal Laws of the State of Delaware, without giving effect to conflicts of law or choice of law provisions thereof.

(b) Unless otherwise explicitly provided in this Agreement, any Legal Action relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced in any state or federal court located in the State of Delaware. Each Party (i) expressly and irrevocably consents and submits to the jurisdiction of each such court, and each appellate court located in the State of Delaware, in connection with any such Legal Action, (ii) agrees that each such court shall be deemed to be a convenient forum and (iii) agrees not to assert, by way of motion, as a defense or otherwise, in any such Legal Action commenced in any such court, any claim that such Party is not subject personally to the

jurisdiction of such court, that such Legal Action has been brought in an inconvenient forum, that the venue of such Legal Action is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

12.11. Waiver of Jury Trial. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY TRANSACTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.11.

12.12. Other Remedies. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

12.13. Counterparts; Electronic Delivery. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any signature page delivered by facsimile or electronic image transmission shall be binding to the same extent as an original signature page. Any Party that delivers a signature page by facsimile or electronic image transmission shall deliver an original counterpart to any other Party that requests such original counterpart, it being understood and agreed that the failure to deliver any such original counterpart upon request shall not affect the binding nature of the signature page delivered by facsimile or electronic image transmission.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed and delivered by its duly authorized representative as of the date first written above.

THE COMPANY:

KEYSTONE AUTOMOTIVE HOLDINGS, INC.

By:	/s/ EVA M. KALAWSKI
Name:	Eva M. Kalawski
Title:	Vice President and Secretary

PARENT:

LKQ CORPORATION

By:	/s/ ROBERT L. WAGMAN
Name:	Robert L. Wagman
Title:	President and CEO

MERGER SUB:

KAH ACQUISITION SUB, INC.

By:	/s/ ROBERT L. WAGMAN
Name:	Robert L. Wagman
Title:	President

STOCKHOLDER PARTIES:

SPHERE CAPITAL, LLC - SERIES A

By:	/s/ EVA M. KALAWSKI
Name:	Eva M. Kalawski
Title:	Vice President and Secretary

CETUS CAPITAL, LLC

By:	/s/ ROBERT E. DAVIS
Name:	Robert E. Davis
Title:	Managing Director

EQUITYHOLDERS REPRESENTATIVE:

SPHERE CAPITAL, LLC - SERIES A

By:	/s/ EVA M. KALAWSKI
Name:	Eva M. Kalawski
Title:	Vice President and Secretary

THE SECURITY REPRESENTED BY THIS NOTE (AS DEFINED BELOW) WAS ORIGINALLY ISSUED ON THE ISSUE DATE (AS DEFINED BELOW), AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS NOTE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND CERTAIN RIGHTS OF OFFSET SET FORTH HEREIN.

The Stockholder Parties (as defined in the Merger Agreement) have made certain representations and warranties, entered into certain covenants and agreed to provide certain indemnities as set forth in the Merger Agreement (as defined below). Holder agrees that, in addition to any other remedy that Maker (as defined below) may have available at law or equity and subject in all cases to the limitations set forth in the Merger Agreement, Maker may, subject to the limitations and procedures set forth in the Merger Agreement and this Note (as defined below), reduce the amount outstanding under this Note by any Loss (as defined below) for which the Stockholder Parties are responsible under the Merger Agreement.

NON-NEGOTIABLE SECURED
PROMISSORY NOTE

Issue Date:	Original Principal Amount:
[ ], 2014	$31,500,000

FOR VALUE RECEIVED, LKQ Corporation, a Delaware corporation ("Maker"), hereby promises to pay to the order of Sphere Capital, LLC – Series A, a Delaware limited liability company, in its capacity as the designated representative of the Equityholders (as defined in the Merger Agreement) (together with its successor and assigns in such capacity as permitted by the terms of the Merger Agreement or applicable Laws, the "Holder"), the principal amount of $31,500,000, or such lesser principal amount then outstanding, together with interest thereon calculated in accordance with the provisions of this non-negotiable secured promissory note (this "Note").

This Note is the Promissory Note referred to in, and originally issued on [ ], 2014 (the "Issue Date") pursuant to, the Merger Agreement. Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in Section 6 hereof or, if not so defined therein, the meaning ascribed to such term in the Merger Agreement.

1. Interest. Commencing on the Issue Date and continuing until payment of all amounts due hereunder, interest shall accrue on the then outstanding principal amount of this Note at the rate (the "Interest Rate") of one percent (1%) per annum (based on a year of 365 days and computed on the number of days actually elapsed).

2. Payments on Note.

(a) Scheduled Payment. Subject to Section 2(e) below, the outstanding principal amount of this Note and unpaid accrued interest thereon shall be due and payable on the fifteen (15) month anniversary of the Issue Date or such earlier date as shall be specified pursuant to Section 5(b) or as permitted pursuant to applicable Laws (the "Maturity Date"), and Maker shall

pay such amounts on such date. Any payment shall be applied first to accrued interest and then to outstanding principal.

(b) Optional Prepayments. Maker may, at any time or from time to time, without premium or penalty, prepay all or any portion of the unpaid principal amount of this Note together with any unpaid interest which has accrued on the portion of the principal so prepaid. Any payment shall be applied first to accrued interest and then to outstanding principal.

(c) Time of Payment. If any payment on this Note becomes due on a day that is not a Business Day, then such payment shall be made on the next Business Day and such extension of time will be included in computing interest in connection with such payment.

(d) Right of Setoff. The principal amount of this Note shall be reduced, retroactive to the Closing Date, by any amounts for which Losses by Parent or the Surviving Corporation is entitled to indemnification pursuant to Sections 9.2(a) or 10.1 of the Merger Agreement (whether now existing or hereinafter arising) in accordance with Section 9.4(b) of the Merger Agreement. Notwithstanding anything to the contrary set forth herein, the satisfaction or reduction of any principal or interest hereunder pursuant to Maker's right of setoff under this Section 2(d) shall not be considered a prepayment for the purposes hereof.

(e) Payments in Cash. All payments on this Note shall be made in cash (it being understood that any reduction pursuant to Section 2(d) or the Merger Agreement in amounts owing under this Note shall not be deemed to be, or treated as, payments or prepayments for purposes of this Section 2(e)).

(f) Equityholders Representative. The Holder shall (i) disburse any payments made to it under this Note to the Equityholders in accordance with Section 2.6(e) of the Merger Agreement and (ii) have authority on behalf of the Equityholders, to contest or settle any Pending Claim, and any agreement between Maker and the Holder with respect to any Pending Claim shall be binding on the Equityholders.

(g) Limitation on Repayment and Prepayment. For the avoidance of doubt, notwithstanding any other provision of this Note or the Merger Agreement, no repayment or prepayment of any amount owed under this Note, whether pursuant to Section 2 or otherwise, shall be made, and no such failure to make such repayment shall constitute an Event of Default pursuant to Section 5(a), in each case if the principal amount outstanding under this Note after such repayment or prepayment would be less than the amount that would be required to satisfy in full the Aggregate Pending Claim Amount.

3. Mortgage(s). The payment and performance in full of each of the obligations hereunder, including, without limitation, the payment in full of the amounts due hereunder by Maker, is secured by all that certain real estate and improvements thereon, erected or to be erected, situate in the Borough of Exeter, County of Luzerne, Commonwealth of Pennsylvania, and more particularly described in Exhibit "A" attached hereto and made a part hereof.

4. Representations.

(a) Organization and Standing. Maker is duly incorporated and validly existing under the laws of Delaware. Maker is in good standing in those jurisdictions in which its ownership of property or conduct of business requires such qualification. Keystone Automotive Operations, Inc. ("Mortgagor") is duly incorporated and validly existing under the laws of Pennsylvania. Mortgagor is in good standing in those jurisdictions in which its ownership of property or conduct of business requires such qualification.

(b) Authority. Maker has full right, power and authority to execute, deliver and perform its obligations under this Note. Mortgagor has full right, power and authority to execute, deliver and perform its obligations under the Mortgage.

(c) Execution and Delivery. The execution and delivery by Maker of this Note has been duly authorized by all necessary corporate action. The execution and delivery by Mortgagor of the Mortgage has been duly authorized by all necessary corporate action

(d) Enforceability. Maker has duly executed and delivered this Note and this Note constitutes Maker's legal, valid and binding obligation, enforceable against it in accordance with its terms, and Mortgagor has duly executed and delivered the Mortgage and the Mortgage constitutes Mortgagor's legal, valid and binding obligation, enforceable against it in accordance with its terms, in each case, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or affecting the enforcement of creditors' rights in general and by general principles of equity.

(e) No Conflicts. The execution, delivery and performance of this Note by Maker and the execution and delivery of the Mortgage by Mortgagor, do not conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, result in acceleration of, or give rise to a right of termination, cancellation, modification or acceleration of any obligation under, require any notice under, or result in the imposition or creation of any lien (other than in favor of Holder) upon any of the material properties or assets of Maker or Mortgagor under, any provision of (i) the organizational documents of Maker or Mortgagor, (ii) any material agreement to which Maker or Mortgagor is a party or by which any of Maker or Mortgagor's material properties or assets is bound, or (iii) any judgment or law applicable to Maker, Mortgagor or their respective material properties or assets.

5. Defaults and Remedies.

(a) Events of Default. An "Event of Default" shall occur under this Note if:

(i) Maker shall fail to make any payment of unpaid principal or accrued interest under this Note, when and as the same shall become due and payable upon the occurrence of the Maturity Date pursuant to and in accordance with this Note;

(ii) An Insolvency Event shall occur;

(iii) Maker or any of its Affiliates shall fail to perform or observe any covenant or other agreement contained herein or in the Mortgage (other than as set forth in clause (a)(i)

above) and such failure continues for a period of 10 days after the earlier of (A) the date on which such failure shall first become known to Maker or any of its Affiliates or (B) the date on which written notice thereof is delivered to Maker or Mortgagor;

(iv) Any representation or warranty herein or in the Mortgage proves to be untrue in any material respect when made or deemed made;

(v) The validity or enforceability of this Note or the Mortgage shall at any time for any reason be declared to be null and void, or a proceeding shall be commenced by Maker, Mortgagor or any of their respective Affiliates, or by any governmental authority having jurisdiction over Maker, Mortgagor or any of their respective Affiliates, seeking to establish the invalidity or unenforceability thereof, or Maker, Mortgagor or any of their respective Affiliates shall deny (to the extent it is a party thereto) that it has any liability or obligation under this Note or the Mortgage.

(b) Remedies. So long as an Event of Default shall have occurred and is continuing:

(i) Upon and after the election of the Holder on behalf of the Equityholders, the interest rate hereunder shall increase from one percent (1%) to five percent (5%) per annum; provided, however, that such rate shall automatically increase as a result of an Event of Default described in Sections 5(a)(i) or 5(a)(ii). Any increase of the interest rate resulting from the operation of this Section 5(b)(i) shall, at the option of Holder, be retroactive to the date upon which such Event of Default shall have occurred and terminate as of the close of the business on the date on which such Event of Default is waived by the Holder.

(ii) Upon and after the election of the Holder on behalf of the Equityholders, declare the aggregate unpaid principal amount of this Note and all accrued interest thereon to be immediately due and payable and Maker shall immediately pay to the then holder of this Note all such amounts, in full, without presentment, demand, protects or further notice or other requirements of any kinds, all of which are hereby expressly waived by Maker; provided, however, that if an Event of Default of the type described in Section 5(a)(ii) hereof occurs, no such election shall be required and the aggregate unpaid principal amount of this Note and all accrued interest thereon shall become immediately due and payable without any action on the part of the Holder and Maker shall immediately pay to the then holder of this Note, all such amounts, in full.

6. Definitions.

"Aggregate Pending Claim Amount" at any time means the aggregate of all Losses, as set forth in Claim Certificate delivered pursuant to Section 9.4(a) of the Merger Agreement, in respect of Pending Claims.

"Insolvency Event" means if: (i) Maker or any of its Affiliates commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a

receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Maker or any of its Affiliates shall make a general assignment for the benefit of its creditors; or (ii) there is commenced against Maker or any of its Affiliates any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there is commenced against Maker or any of its Affiliates any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof.

"Merger Agreement" means the Agreement and Plan of Merger dated as of December 5, 2013, by and among the Keystone Automotive Holdings, Inc., Maker, Merger Sub, the Stockholder Parties, and the Holder.

"Mortgage" means the Mortgage, effective as of the date hereof, by and between Keystone Automotive Operations, Inc. and Holder, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

"Pending Claim" means any claim made by Parent or the Surviving Corporation as reflected in a Claim Certificate delivered pursuant to Section 9.4(a) of the Merger Agreement, other than a claim which theretofore has been finally resolved in accordance with Section 9.4(b) of the Merger Agreement.

7. Amendment and Waiver. The provisions of this Note may be amended if, and Maker may take any action herein prohibited or omit to perform any act herein required to be performed by it if, and only if, Maker has obtained the written consent of the Holder, in its sole discretion. No failure on the part of either party hereto to exercise any right or remedy hereunder shall constitute a waiver of that right or remedy.

8. Restrictions on Transfer. Maker may not sell, transfer, assign or otherwise dispose of all or any part of its obligations under this Note. So long as no Event of Default shall have occurred and be continuing, the Holder may not sell, transfer, assign, negotiate, pledge or otherwise dispose of all or any portion of or any interest in this Note (and any purported sale, transfer, assignment, negotiation, pledge or other disposition in violation of this provision shall be void) other than to any successor representative of the Equityholders to the extent permitted by the terms of the Merger Agreement or applicable Laws.

9. Cancellation. After all principal and accrued interest at any time owed on this Note has been paid in full, this Note shall be surrendered by the Holder to Maker for cancellation and shall not be reissued; provided, however, that if any amounts paid to Holder hereunder are required to be repaid, refunded, restored or returned to Maker or any of its Affiliates for any reason, whether because such payment is asserted or declared to be void, voidable or otherwise recoverable under any law relating to fraudulent transfers, preferences, creditors rights generally or otherwise, then as to any such amount, the obligations under this Note shall be immediately and automatically revived, restored and reinstated together with any corresponding lien on the assets or Maker or

any of its Affiliates to the extent such lien existed prior to payment in respect of the obligations hereunder.

10. Place of Payment; Notices. Payments of principal and interest are to be made by Maker in the lawful money of the United States of America in immediately available funds to the Holder on behalf of the Equityholders to the account specified by the Holder not less than three (3) Business Days prior to the Maturity Date.

11. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

12. No Strict Construction. Maker and the Holder have participated jointly in the negotiation and drafting of this Note. In the event an ambiguity or question of intent or interpretation arises, this Note shall be construed as if drafted jointly by Maker and the Holder, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Note.

13. Waiver of Jury Trial. THIS NOTE IS ISSUED SUBJECT TO THE EXPRESS UNDERSTANDING THAT EACH OF HOLDER AND MAKER HAS WAIVED, ON BEHALF OF ITSELF OR, WITH RESPECT TO HOLDER, THE EQUITYHOLDERS UNDER THIS NOTE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT ANY SUCH PARTY MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.

14. Consent to Jurisdiction; Enforcement Expenses. Each of Maker and Holder hereby irrevocably submits to the jurisdiction of any state or federal court located in the State of Delaware, for the purposes of any suit, action or other proceeding arising out of this Note. Each of Maker and Holder further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth below shall be effective service of process for any action, suit or proceeding arising out of this Note. Each of Maker and Holder irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Note or the transactions contemplated hereby in any state or federal court located in the State of Delaware and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

15. Notices. Notice shall be given as set forth in Section 12.4 of the Merger Agreement.

* * * * * *

IN WITNESS WHEREOF, Maker has executed and delivered this Note on the date first above written.

LKQ CORPORATION

By:_____
Name:
Title:

THE UNDERSIGNED HOLDER HEREBY
ACKNOWLEDGES AND AGREES TO
THE TERMS SET FORTH ABOVE,
AS OF THE DATE ABOVE

SPHERE CAPITAL, LLC - SERIES A

By:_____
Name:
Title:

Exhibit A

Legal Description

PROPERTY 1:

Parcel 1: (DBK 2647, Pg 1196)

ALL THAT CERTAIN piece or parcel of land situated in the Borough of Exeter, County of Luzerne and Commonwealth of Pennsylvania bounded and described as follows, to wit:

BEGINNING at a concrete monument in the southerly sideline of Pennsylvania State Highway, Legislative Route No. 11 (Extension), also known as Back Road, said point monument also being in the dividing line between lands now or formerly of Joseph and Anita DePascale as recorded in Luzerne County Deed Book 1680, Page 515 and the lands herein described;

THENCE from said concrete monument and along said dividing line, and along lands now or formerly of Joseph Mirra, et. ux., South 34 degrees 13 minutes East, two hundred thirty-seven and thirty one hundredths (237.30) feet to a point in the northwesterly right-of-way line of the Lehigh Valley Railroad Company (West Pittston Branch);

THENCE from said point and along said right-of-way line, South 43 degrees 36 minutes West, one thousand one hundred twenty-one and twenty-five one-hundredths (1,121.25) feet to a point in the northeasterly sideline of Stevens Lane;

THENCE from said point and along said Stevens Lane sideline, North 29 degrees 28 minutes West, one hundred fifty-six and fifty-five one-hundredths (156.55) feet to a point on the southerly bank of Hick's (Carpenter's) Creek;

THENCE from said point and along the southerly bank of said Creek, along the end of Stevens Lane, along lands now or formerly State Automotive Corporation as recorded in Luzerne County Deed Book 1865 at Page 401, and along lands now or formerly of the Greater Pittston Chamber of Commerce as recorded in Luzerne County Deed Book 1908 at Page 622, by the two (2) following described lines: (1) North 79 degrees 00 minutes West, three hundred twenty-two and eighty-six one-hundredths (322.86) feet to a point; (2) South 81 degrees 55 minutes West, three hundred seventy-two and eighty-six one-hundredths (372.86) feet to a point in line of lands now or formerly of The First Ward Social Club of Exeter as recorded in Luzerne County-Deed Book 1529, at Page 458;

THENCE from said point and along said lands, North 12 degrees 01 minute West, four hundred eighty-seven (487.00) feet to a point in the aforesaid sideline of the Back Road;

THENCE from said point and along said sideline by the two (2) following described lines: (1) North 74 degrees 03 minutes East, ninety-seven and seventy-eight one-hundredths (97.78) feet to a point; (2) North 75 degrees 42 minutes East, one thousand four hundred fifty-five and twenty-eight one-hundredths (1,455.28) feet to a point, the place of BEGINNING.

CONTAINING 20.087 acres, be the same more or less.

PARCEL 2: (DBK 2293, Page 1197)

ALL the surface and right of soil of all that certain piece or parcel of land situate in the Borough of Exeter, County of Luzerne and Commonwealth of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a point in the southerly right-of-way line of State Highway Route #11, Extension, known as the "Back Road", and located about one thousand nine hundred eighty (1,980) feet westwardly along said highway from the center of Exeter Avenue, said point also being the northwesterly corner of Parcel #1 conveyed to the Pittston Area Industrial Development by Deed dated April 15, 1957; THENCE along the westerly side of said Parcel #1 of Pittston Area Industrial Development, South 14° 35' East, five hundred thirteen (513) feet, more or less, to a point in the southerly side of Carpenter's Creek, said point also being the southwesterly corner of Parcel #1 aforesaid; THENCE westwardly along the said southerly side of Carpenter's Creek also being the northerly line of Parcel #3 of Deed above-mentioned dated April 15, 1957, ninety (90) feet, more or less, to a point; THENCE North 14° 35' West, five hundred (500) feet, more or less, to a point in the southerly right-of-way line of State Highway Route #11 Extension aforesaid; THENCE eastwardly along said right-of-way line, ninety (90) feet, more or less, to the place of BEGINNING.

CONTAINING one acre, more or less.

PARCEL 3:

ALL those certain pieces or parcels of land situate in the Borough of Exeter, County of Luzerne and State of Pennsylvania, bounded and described as follows, to wit:

PURPART NO. 1: (DBK 2283, Page 930)

BEGINNING at a point in the southeasterly right-of-way line of State Highway Route No. 11 extension, Back Road, said point being the Northwest corner of a parcel of land conveyed by Troback Development Company to the First Ward Social Club of Exeter, by Deed dated September 9, 1963, and recorded in Luzerne County Deed Book 1529, page 458;

THENCE along said lands now or formerly of the First Ward Social Club of Exeter, South fourteen degrees fifteen minutes East, four hundred eighty-three and ninety-four hundredths (483.94) feet to a point in line of lands now or formerly of Jewelcor Incorporated;

THENCE along lands now or formerly of Jewelcor Incorporated the following two (2) courses and distances:
(1) South seventy-six degrees forty-nine minutes forty-six seconds West, twenty-eight and fifty-six hundredths (28.56) feet to a point;
(2) South seventy-five degrees forty-seven minutes twenty-four seconds West, seventy one and forty-four tenths (71.44) feet to a point:

THENCE through other lands of the Grantors herein, North fourteen degrees 15 minutes West (N. 14° 15' W.) four hundred seventy-two (472) feet more or less to a point on the Southeasterly right-of-way of State Highway Rt. 11 extension, Back Road;

THENCE along the Southeasterly right-of-way of State Highway Rt. 11, Back Road, North sixty-six degrees thirty-nine minutes forty-three seconds East (N. 66° 39' 43" E.) one hundred (100) feet to the place of BEGINNING.

PURPART NO. 2: (DBK 2283, Page 930)

BEGINNING at a point in the southeasterly right-of-way line of State Highway Route No. 11 extension, Back Road, said point being the Northwest corner of a parcel of land conveyed to Elvira Chiavacci, a/k/a Vera Chiavacci and Jacquelyn E. Troback, by and through H. Deno Chiavacci, Attorney In Fact to James H. Belmont and Carmena T. Belmont, his wife, by deed dated May 13, 1982, and recorded in Luzerne County Deed Book 2073 at page 1027; THENCE along said lands now or formerly of James S. Belmont and Carmena T. Belmont, South fourteen degrees fifteen minutes East, (S. 14° 15' E.) four hundred seventy-two feet more or less to a point in line of lands now or formerly of Jewelcor, Incorporated;

THENCE along the lands now or formerly of Jewelcor, Incorporated the following three (3) courses and distances:
(1) South seventy-five degrees forty-seven minutes twenty-four seconds West, thirty-three and twenty-six hundredths (33.26) feet to a point;
(2) South seventy-five degrees fifteen minutes fifty-seven seconds West, fifty-two and twenty hundredths (52.20) feet to a point;
(3) South forty degrees twenty minutes thirty-two seconds West, twenty-seven feet plus or minus to a point;

THENCE through other lands of the Grantors herein, North fourteen degrees fifteen minutes West (N. 14° 15' W) four hundred sixty-two feet (462) more or less to a point on the Southeasterly right-of-way of State Highway Rt. 11, extension, Back Road;

THENCE along the said Southeasterly right-of way of State Highway Rt. 11, Back Road, North sixty-four degrees twenty-five minutes East (N. 64° 25' E.) fourteen and fifty-eight hundredths (14.58) feet to a point;

THENCE along the said Southeasterly right-of-way of State Highway Rt. 11, Back Road, North sixty-six degrees thirty-nine minutes forty-three seconds East, eighty-five and forty-two hundredths (85.42) feet to the place of BEGINNING.

PARCEL 4: (RBK 3005, Page 185663)

ALL THAT CERTAIN piece or parcel of land situate in the Borough of Exeter, County of Luzerne and State of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a point in the southeasterly right-of-way line of State Highway Route No. 11 extension, Back Road, said point being the Northwest corner of a parcel of land conveyed by Elvira Chiavacci, a/k/a Vera Chiavacci and Jacquelyn E. Troback by and through H. Deno Chiavacci, attorney in fact to James S. Belmont and Carmena T. Belmont, his wife, by deed dated June 20, 1983 and recorded in the Office of the Recorder of Deeds of Luzerne County In Deed Book 2105, page 170;

THENCE along said lands now or formerly of James S. Belmont and Carmena T. Belmont, his wife, South fourteen degrees fifteen minutes East (S. 14° 15' E.) four hundred sixty and ten one-hundredths (460.10) feet more or less to a point in line of lands now or formerly of Jewelcor Incorporated;

THENCE along the lands now or formerly of Jewelcor Incorporated the following two (2) courses and directions:
(1) South forty degrees twenty minutes thirty-two seconds West, seventy-three and twenty-five hundredths (73.25) feet to a point;

(2) South fifty-six degrees twenty-two minutes thirty-seven seconds West, forty and sixty-five hundredths feet plus or minus to a point;
THENCE through other lands now or formerly of Chiavacci, North fourteen degrees fifteen minutes West (N. 14° 15' W) four hundred ninety-six and thirty-seven hundredths feet more or less to a point on the southeasterly right-of-way of State Highway Rt. 11 extension, Back Road;

THENCE along the said southeasterly right-of-way of State Highway Rt. 11 extension, Back Road, North sixty-four degrees twenty-five minutes East (N. 64° 25' E) one hundred feet to the place of BEGINNING.

BEING the northerly half of Lot Number 3, Troback Development Number 1.

EXCEPTING AND RESERVING unto the appropriate person or other entity, the portion of the demised premises to which a declaration of taking by eminent domain was filed by the Borough of Exeter. The said declaration of taking is filed to No. 4123 of 1978 in the Office of the Prothonotary or the Court of Common Pleas of Luzerne County.

MORTGAGE

THIS MORTGAGE (hereinafter referred to as **"Mortgage"**) is dated this _____ day of _____, 2014 and effective as of the ____ day of _____, 2014 (the "**Effective Date**") between **KEYSTONE AUTOMOTIVE OPERATIONS, INC.**, a Pennsylvania corporation (hereinafter referred to as **"Mortgagor"**), and **SPHERE CAPITAL, LLC - SERIES A,** a Delaware limited liability company (hereinafter referred to as **"Mortgagee"**).

W I T N E S E T H:

WHEREAS, pursuant to the provisions of a Non-Negotiable Secured Promissory Note dated the Effective Date executed by LKQ Corporation, a Delaware corporation (the **"Maker"**), the parent company of Mortgagor, in favor of Mortgagee (the **"Note"**), Maker agreed to pay to Mortgagee the principal sum of THIRTY ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($31,500,000.00), lawful money of the United States of America, with interest thereon at the rate and times and in the manner and according to the terms and conditions specified in the Note, which is incorporated herein by reference; and

WHEREAS, Mortgagor has been directed by Maker to execute and deliver this Mortgage to Mortgagee for the purpose of providing security to Mortgagee with respect to the undertakings of Maker pursuant to the Note.

NOW THEREFORE, in consideration of the indebtedness, and as security for payment to Mortgagee of the principal with interest, and all other sums provided for in the Note, and in this Mortgage, and as further security for the full and faithful performance by Maker of its obligations under the Note, according to the terms and conditions thereof, and for performance of the agreements, conditions, covenants, provisions and stipulations contained herein and therein, Mortgagor has granted, conveyed, bargained, sold, aliened, enfeoffed, released, confirmed, assigned to, granted a security interest in and mortgaged, and by these presents does hereby grant, convey, bargain, sell, alien, enfeoff, release, confirm, assign to, grant a security interest in and mortgage unto Mortgagee:

(1) all that certain real estate situate in the Borough of Exeter, County of Luzerne, Commonwealth of Pennsylvania, and more particularly described in Exhibit "A" attached hereto and made a part hereof (the "**Land**");

(2) all buildings and other improvements erected or hereafter erected on the Land (the "**Improvements**" and together with the Land, the "**Real Estate**");

(3) all fixtures, appliances, machinery, fittings, apparatus, furniture and equipment of any nature whatsoever, and other articles of Mortgagor's personal property now or at any time hereafter installed in, attached to or situated in or upon the Land or the Improvements, or used or intended to be used in connection with the Land, or in the operation of the Improvements, or in the operation or maintenance of the Improvements (but not including the inventory of Mortgagor situated on the Real Estate);

(4) any and all tenements, hereditaments and appurtenances belonging to the Land or any part thereof hereby mortgaged or intended so to be, or in any way appertaining thereto, and all streets, alleys, passages, ways, water courses, and all easements and covenants now existing or hereafter created for the benefit of Mortgagor or any subsequent owner or tenant of the Real Estate over ground adjoining the Real Estate and all rights to enforce the maintenance thereof, and all other rights, liberties and privileges of whatsoever kind or character, and the reversions and remainders, income, rents, issue and profits arising therefrom, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law, of Mortgagor in and to the Real Estate or any part thereof;

(5) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards; and

(6) all leases, licenses, occupancy agreements or agreements to lease all or any part of the Real Estate and all extensions, renewals, amendments, and modifications thereof, and any options, rights of first refusal, or guarantees relating thereto (collectively, "**Leases**"); and all rents, income, receipts, revenues, security deposits, escrow accounts, reserves, issues, profits, awards, and payments of any kind payable under the Leases or otherwise arising from the Real Estate (collectively, the "**Income**").

All of the above-mentioned Land, Improvements, fixtures, machinery, furniture, equipment, tenements, hereditaments and appurtenances, and other property interests are sometimes collectively referred to herein as the **"Mortgaged Property"**.

TO HAVE AND TO HOLD the Mortgaged Property hereby conveyed or mentioned and intended so to be, unto Mortgagee, its successors and assigns to its own use forever.

PROVIDED ALWAYS, and this instrument is upon the express condition that, if Maker pays to Mortgagee the principal sum mentioned in the Note, the interest thereon and all other sums payable by Mortgagor to Mortgagee as are secured hereby, in accordance with the provisions of the Note and this Mortgage, then this Mortgage and the estate hereby granted shall cease and become void.

Subject to Section 26 of this Mortgage, Mortgagor hereby irrevocably, absolutely and unconditionally guarantees and becomes surety for the prompt payment by Maker, as and when due and payable, whether by acceleration or otherwise of all amounts now or hereafter owing by Maker in respect of the Note, whether for principal, interest, fees, expenses or otherwise, and the due performance and observance by Maker of its other obligations now or hereafter existing in respect of any of the Note and any renewals, extensions and modifications thereof. The liability of Mortgagor hereunder shall be absolute and unconditional, irrespective of: (i) any lack of validity or enforceability of the Note; (ii) any change in the time, manner or place of payment of, or in any other term in respect of, the Note, or any other amendment or waiver of or consent to any departure from the terms of the Note; (iii) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Maker or Mortgagor

in respect hereof; or (iv) the absence of any action on the part of Mortgagee to obtain payment of the Note from Maker or from Mortgagor or from any other guarantor or obligor.

The Mortgaged Property shall secure the following obligations (**"Obligations"**) of Maker or Mortgagor to Mortgagee:

(a) all amounts at any time owing or payable under the Note as guaranteed by Mortgagor in this Mortgage;

(b) all covenants, agreements and obligations of Mortgagor under this Mortgage; and

(c) all future advances made by Mortgagee for taxes, levies, insurance, and repairs to or maintenance of the Mortgaged Property.

MORTGAGOR REPRESENTS, COVENANTS AND WARRANTS to and with Mortgagee that until the indebtedness secured hereby is fully repaid:

1. Title. Mortgagor hereby represents and warrants that **[except as set forth in Schedule 1]** it has good and marketable title in fee simple (subject to the Permitted Liens, as that term is defined in the Merger Agreement (as that term is defined in the Note)) to the Real Estate.

2. Maintenance of Mortgaged Property. Mortgagor shall keep and maintain or cause to be kept and maintained the Improvements in good order and condition and will promptly make or cause to be made, as and when necessary for such purpose, all repairs, renewals and replacements, structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen. Mortgagor shall abstain from and shall not permit the commission of waste in or about the Mortgaged Property.

3. Insurance. Mortgagor shall keep the Mortgaged Property continuously insured against loss or damage by fire or other casualty in an amount not less than the full replacement cost (evidenced by a "Replacement Cost Endorsement") of the Mortgaged Property. The insurance coverage required under this Section shall be insured under policies: (a) in form reasonably satisfactory to Mortgagee; (b) endorsed with a standard mortgagee clause in favor of Mortgagee providing not less than thirty days' notice to Mortgagee of any cancellation or change in coverage; and (c) endorsed to name Mortgagee as loss payee. If the insurance, or any part thereof, shall expire, or be withdrawn or not renewed, or become void or unsafe by Mortgagor's breach of any condition thereof, or become void or unsafe by reason of the failure or impairment of the capital of any company in which the insurance may then be carried, Mortgagor shall place new insurance on the Mortgaged Property. In the event that Mortgagor fails or refuses to place such new insurance on the Mortgaged Property on or before the expiration or withdrawal or nonrenewal of the existing coverage, then Mortgagee may obtain such insurance as Mortgagee deems necessary to satisfy the terms and conditions of this Mortgage. In such event, the cost of such insurance plus a reasonable amount to reimburse Mortgagee for its administrative expenses in obtaining such insurance shall be immediately paid to Mortgagee by Mortgagor. In the event that such costs and expenses are not immediately paid to Mortgagee by Mortgagor, then the amount of such costs and expenses shall be added to the outstanding principal balance of the Note,

shall accrue interest thereon and shall be secured by this Mortgage. Evidence of all renewal policies, with premiums paid, shall be delivered to Mortgagee prior to the expiration of the old policies. In the event of loss greater than $50,000 Mortgagor will give immediate notice thereof to Mortgagee, and Mortgagee may make proof of loss if not timely made by Mortgagor.

4. Taxes and Other Charges. Mortgagor shall pay when due and payable and before interest or penalties are due thereon, without any deduction, defalcation or abatement, all taxes, assessments, water and sewer rents and all other charges or claims which may be assessed, levied, or filed at any time against Mortgagor, the Mortgaged Property or any part thereof or against the interest of Mortgagee therein, or which by any present or future law may have priority over the indebtedness secured hereby either in lien or in distribution out of the proceeds of any judicial sale; and Mortgagor shall produce to Mortgagee upon request receipts for the payment thereof. If no Event of Default (as hereinafter defined) is then continuing and Mortgagor in good faith and by appropriate legal action shall contest the validity or amount of any such taxes, assessments, water and sewer rents or other charges and shall have established a reserve for the payment thereof in such form and amount as Mortgagee may reasonably require (including any interest and penalties which may be payable in connection therewith), then Mortgagor shall not be required to pay such taxes, assessments, water and sewer rents or other charges or to produce the receipts while the reserve is maintained and so long as the contest operates to prevent collection, is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Mortgagor.

5. Future Taxes. If hereafter any law or ordinance shall be adopted imposing a tax directly or indirectly on Mortgagee with respect to the Mortgaged Property, the value of Mortgagor's equity therein, or the indebtedness evidenced by the Note and secured by this Mortgage, then Mortgagor agrees to pay the tax whenever it becomes due and payable thereafter, which agreement shall then constitute a part of this Mortgage.

6. Compliance with Laws and Regulations. Mortgagor, at its sole cost and expense, shall promptly comply with all requirements of all laws, ordinances, regulations and orders of all Federal, state, municipal and other governmental authorities relating to the Mortgaged Property ("**Legal Requirements**"), construction thereon and the use and occupancy thereof, including but not limited to all laws and regulations relating to environmental matters.

7. Further Assurances. Mortgagor will, from time to time, make, do execute and acknowledge, as the situation may require from time to time, such further acts, deeds, conveyances, mortgages, security agreements, financing statements, continuation statements and other assurances in law as may be required for the purpose of effectuating the intent hereof and for better assuring and confirming to Mortgagee, its successors and assigns, the lien and security interest created by this Mortgage.

8. Declaration of No Set-Off. Within twenty (20) days after being requested to do so by Mortgagee, Mortgagor shall certify to Mortgagee or to any proposed assignee of this Mortgage, in a writing duly acknowledged, the amount of principal, interest and other charges then owing on the Obligations secured by this Mortgage and by prior liens, if any, and whether there are any setoffs or defenses against them.

9. Additional Covenants. Mortgagor covenants and agrees that until the Obligations secured hereunder have been paid in full, Mortgagor shall:

(a) **[subject to the matters described on Schedule 1,]** maintain at all times good and marketable title to all Mortgaged Property, and defend such title against the claims and demands of all persons;

(b) pay all charges for water, sewer, gas, electric and other utility services provided to the Mortgaged Property promptly as and when due;

(c) permit, and cause any lessee or occupant of the Mortgaged Property to permit, Mortgagee and its agents and representatives, to enter upon the Mortgaged Property at any reasonable time, and upon prior reasonable notice to Mortgagor under the circumstances, to appraise and photograph the Mortgaged Property and to inspect for compliance with Legal Requirements (excluding subsurface or other invasive investigations), insurance requirements, and the Obligations of Mortgagor under this Mortgage;

(d) not commit or suffer waste with respect to the Mortgaged Property;

(e) not remove or demolish any material portion of the Mortgaged Property without the prior written consent of Mortgagee;

(f) not make, install or permit to be made or installed, any additions or improvements to the Mortgaged Property except in a good and workmanlike manner, free of mechanic's or materialmen's liens, in compliance with Legal Requirements; and

(g) pay, upon demand, all amounts incurred by Mortgagee in connection with any action or proceeding taken or commenced by Mortgagee to enforce or collect this Mortgage or protect, insure or realize upon the Mortgaged Property, including reasonable attorney's fees and expenses.

10. Required Notices. Mortgagor shall notify Mortgagee promptly of the occurrence of any of the following:

(a) a fire or other casualty causing damage to the Mortgaged Property in excess of $50,000,

(b) receipt of written notice of condemnation or threatened condemnation of the Mortgaged Property, or any part thereof,

(c) receipt of written notice from any governmental authority relating to any material violation of any Legal Requirements;

(d) commencement of any litigation affecting the Mortgaged Property; or

(e) discovery, discharge or release of any hazardous materials for which Mortgagor is or may be responsible under any Legal Requirements.

11. Condemnation; Casualty.

(a) Condemnation.

(i) In the event of any condemnation or taking of any part of the Mortgaged Property by eminent domain, alteration of the grade of any street, or other injury to or decrease in the value of the Mortgaged Property by any public or quasi-public authority or corporation, all proceeds (that is, the award or agreed compensation for the damages sustained) allocable to Mortgagor shall be applicable first to payment of the indebtedness secured hereby, subject to the terms of the Note. No settlement for the damages sustained shall be made by Mortgagor without Mortgagee's prior written approval. Receipt by Mortgagee of any proceeds less than the full amount of the then outstanding debt secured hereby shall not alter or modify Maker's obligation to continue to pay the installments of principal, interest and other charges specified in the Note. All the proceeds shall be applied in the order and in the amounts that Mortgagee, in Mortgagee's sole discretion, may elect, to the payment of principal, interest or any sums secured by this Mortgage, in each case, subject to the terms of the Note, or toward payment to Mortgagor, on such reasonable terms as Mortgagee may specify, to be used for the sole purpose of altering, restoring or rebuilding any part of the Mortgaged Property which may have been altered, damaged or destroyed as a result of the taking, alteration of grade or other injury to the Mortgaged Property. Receipt of such proceeds by Mortgagee shall not be subject to a prepayment penalty hereunder or under the Note.

(ii) If prior to the receipt of the proceeds by Mortgagee the Mortgaged Property shall have been sold by foreclosure of this Mortgage, Mortgagee shall have the right to receive the proceeds, to the extent of:

(A) any deficiency found to be due to Mortgagee in connection with the foreclosure sale, with legal interest thereon, and

(B) reasonable counsel fees, costs and disbursements incurred by Mortgagee in connection with collection of the proceeds and the proceedings to establish the deficiency.

(iii) If the amount of the initial award of damages for the condemnation is insufficient to pay in full the indebtedness secured hereby with interest and other appropriate charges, Mortgagee shall have the right to prosecute to final determination or settlement an appeal or other appropriate proceedings in the name of Mortgagee or Mortgagor, for which Mortgagee is hereby appointed irrevocably as attorney-in fact for Mortgagor (without requiring Mortgagee to act as such), which appointment, being for security, is irrevocable. In that event, the expenses of the proceedings, including reasonable counsel fees and expenses, shall be paid first out of the proceeds and only the excess, if any, paid to Mortgagee shall be credited against the amounts due under this Mortgage.

(iv) Nothing herein shall limit the rights otherwise available to Mortgagee, at law, including the right to intervene as a party to any condemnation proceeding.

(b) Casualty. If the Mortgaged Property is damaged by fire or other casualty, Mortgagor shall promptly repair and restore the same to its condition prior to the damage. In the event of any fire or other casualty damaging any part of the Mortgaged Property, all insurance proceeds shall, subject to the terms of the Note, be applicable first to payment of the indebtedness secured hereby. No settlement for the damages sustained shall be made by Mortgagor without Mortgagee's prior written approval. Receipt by Mortgagee of any insurance proceeds less than the full amount of the then outstanding debt secured hereby shall not alter or modify Maker's obligation to continue to pay the installments of principal, interest and other charges specified in the Note. All the insurance proceeds shall be applied in the order and in the amounts that Mortgagee, in Mortgagee's sole discretion, may elect, to the payment of principal (whether or not then due and payable), interest or any sums secured by this Mortgage, or toward payment to Mortgagor, on such reasonable terms as Mortgagee may specify, to be used for the sole purpose of altering, restoring or rebuilding any part of the Mortgaged Property which may have been damaged or destroyed as a result of the fire or other casualty to the Mortgaged Property. Receipt of such proceeds by Mortgagee shall not be subject to a prepayment penalty hereunder or under the Note. Notwithstanding anything to the contrary contained herein, so long as no Event of Default shall exist under this Mortgage, the insurance proceeds shall be delivered by Mortgagee to Mortgagor on such reasonable terms as Mortgagee may specify for the sole purpose of restoring or rebuilding any part of the Mortgaged Property which may have been damaged or destroyed as a result of the event of fire or other casualty.

12. No Transfer. For the purpose of protecting Mortgagee's security, Mortgagor agrees that (a) any sale or other transfer of title to the Mortgaged Property, or (b) any transfer of any stock, partnership, company or other ownership interests in Mortgagor (other than to an Affiliate (as that term is defined in the Merger Agreement) of Maker), in either case, without Mortgagee's prior written consent, shall result in immediate acceleration of the Obligations.

13. Mortgagee's Rights. In the event that Mortgagor should fail to pay real estate or other taxes, assessments, water and sewer rents, charges and claims, insurance premiums, or fail to make necessary repairs, or permit waste, Mortgagee, at its election, shall have the right to make any payment or expenditure and to take any action which Mortgagor should have made or taken, or which Mortgagee deems advisable to protect the security of this Mortgage or the Mortgaged Property, including, without limitation, any rights granted to Mortgagee under the Note, without prejudice to any of Mortgagee's rights or remedies available hereunder or otherwise, at law. In addition, Mortgagor hereby authorizes Mortgagee, and Mortgagee shall have the continuing right (but not the obligation), at its sole option and discretion, to:

(a) do anything which Mortgagor is required but fails to do hereunder, and in particular Mortgagee may, if Mortgagor fails to do so within ten (10) business days after receipt by Mortgagor of written notice from Mortgagee, (i) insure or take any reasonable steps to protect the Mortgaged Property, (ii) pay all taxes, levies, expenses and costs arising with respect to the Mortgaged Property, or (iii) pay any premiums payable on any policy of insurance required to be obtained or maintained hereunder, and add any amounts paid under this Section 13(a) to the principal amount of the indebtedness secured by this Mortgage; and

(b) pay any amounts Mortgagee elects to pay or advance hereunder following the occurrence of an Event of Default on account of insurance, taxes or other costs, fees or charges arising in connection with the Mortgaged Property, either directly to the payee of such cost, fee or charge, directly to Mortgagor, or to such payee(s) and Mortgagor jointly.

All such sums, as well as costs, advanced by Mortgagee pursuant to this Mortgage shall be due immediately from Mortgagor to Mortgagee, shall be secured hereby, and shall bear interest at a rate which shall be two and one-half percent (2.5 %) higher than the then highest effective rate specified in the Note (the "**Default Rate**") from the date of payment by Mortgagee until the date of repayment.

14. Events of Default. Each of the following shall constitute an **"Event of Default"** hereunder:

(a) The occurrence of an Event of Default, as that term is defined in the Note;

(b) Failure to comply with any term, obligation, covenant or condition contained in this Mortgage. If such failure is curable and if Mortgagor has not been given notice of a breach of the same provision of this Mortgage within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Mortgagor, after Mortgagee sends written notice demanding cure of such failure; (i) cures the failure within fifteen (15) days; or (ii) if the cure requires more than fifteen (15) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical;

(c) Any warranty, representation or statement made to Mortgagee by Mortgagor under this Mortgage is false or misleading in any material respect as of the date hereof; or

(d) Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Mortgagor or by any governmental agency against any of the Mortgaged Property; provided, however, that this subsection (d) shall not apply in the event of a good faith dispute by Mortgagor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding, provided that Mortgagor gives Mortgagee written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Mortgagee.

15. Rights and Remedies On Default. Upon the occurrence of any Event of Default under this Mortgage and at any time thereafter prior to the cure of such Event of Default, Mortgagee, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

(a) Subject to applicable law, Mortgagee shall have the right at is option without notice to Mortgagor to declare the Obligations immediately due and payable. Mortgagee shall have the right to obtain judgment for the Obligations (including all amounts advanced or to be advanced by Mortgagee under Section 13 above, all costs and expenses of collection and suit, including any bankruptcy or insolvency proceeding affecting Mortgagor, and

reasonable attorneys' fees incurred in connection with any of the foregoing) together with interest on such judgment at the Default Rate until payment in full is received by Mortgagee and Mortgagee shall have the right to obtain execution upon the Mortgaged Property on account of such judgment;

(b) Mortgagee shall have the right to have a receiver appointed to take possession of all or any part of the Mortgaged Property, with the power to protect and preserve the Mortgaged Property, to operate the Mortgaged Property preceding foreclosure or sale, and to collect rents, if any, from the Mortgaged Property and apply the proceeds, over and above the cost of the receivership, against the Obligations. The receiver may serve without bond if permitted by law. Mortgagee's right to the appointment of a receiver shall exist whether or not the apparent value of the Mortgaged Property exceeds the Obligations by a substantial amount. Employment by Mortgagee shall not disqualify a person from serving as a receiver;

(c) Mortgagee may obtain a judicial decree foreclosing Mortgagor's interest in all or any part of the Mortgaged Property;

(d) Mortgagee may obtain a judgment for any deficiency remaining in the Obligations due to Mortgagee after application of all amounts received from the exercise of the rights provided in this section;

(e) If Mortgagor remains in possession of the Mortgaged Property after the Mortgaged Property is sold as provided above or Mortgagee otherwise becomes entitled to possession of the Mortgaged Property upon default of Mortgagor, Mortgagor shall become a tenant at sufferance of Mortgagee or the purchaser of the Mortgaged Property and shall, at Mortgagee's option, either (i) pay a reasonable rental for the use of the Mortgaged Property, or (ii) vacate the Mortgaged Property immediately upon the demand of Mortgagee;

(f) Mortgagee shall have the right to take possession of any portion of the Mortgaged Property constituting fixtures or other personal property and any records pertaining thereto. In addition, upon ten (10) calendar days' prior written notice to Mortgagor (which Mortgagor hereby acknowledges to be sufficient and commercially reasonable) Mortgagee shall have the right to sell, lease or otherwise dispose of all or any of such Mortgaged Property at any time and from time to time at public or private sale, with or without advertisement thereof, with the right of Mortgagee or its nominee to become purchaser at any sale (unless prohibited by statute) free from any equity of redemption and from all other claims, and after deducting all legal and other expenses for maintaining or selling such Mortgaged Property, and all attorneys' fees, legal or other expenses for collection, sale and delivery, apply the remaining proceeds of any sale to pay (or hold as a reserve against) the Obligations and exercise all other rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law; and

(g) Mortgagee shall have all other rights and remedies provided in this Mortgage or available at law.

16. <u>Rights and Remedies Cumulative</u>.

(a) The rights and remedies of Mortgagee as provided in this Mortgage and the Note shall be cumulative and concurrent; may be pursued separately, successively or together against Mortgagor, Maker or against the Mortgaged Property, or both, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

(b) Any failure by Mortgagee to insist upon strict performance by Mortgagor of any of the terms and provisions of this Mortgage shall not be deemed to be a waiver of any of the terms or provisions of this Mortgage and Mortgagee shall have the right thereafter to insist upon strict performance by Mortgagor of any and all of them.

(c) Neither Mortgagor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Mortgagee to comply with any request of Mortgagor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of this Mortgage, or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms of this Mortgage without first having obtained the consent of Mortgagor or such other person; and in the latter event Mortgagor and all such other persons shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Mortgagee.

(d) Mortgagee may release, regardless of consideration, any part of the security held for the indebtedness secured by this Mortgage without, as to the remainder of the security, in any way impairing or affecting the lien of this Mortgage or its priority over any subordinate lien.

17. Assignment of Leases. This Mortgage is also an absolute and unconditional assignment to Mortgagee of all Leases and Income, whether now in existence or hereafter arising, for the purpose of vesting in Mortgagee a first priority, perfected security interest in the Leases and the Income. Mortgagor hereby assigns, transfers and sets over to Mortgagee all Leases, all Income and all rights of Mortgagor to enforce the Leases and collect the Income. This assignment includes any award received or receivable by Mortgagor in any legal proceeding involving any tenant under a Lease whether under the Bankruptcy Code or otherwise. Mortgagor shall notify any person which Mortgagee may from time to time specify that the Income should be paid directly to Mortgagee and that any modification of the Leases must be approved by Mortgagee. So long as no Event of Default is then continuing, Mortgagor shall have a license, revocable at the will of Mortgagee, to enforce the Leases and collect the Income. Mortgagor hereby authorizes and directs that all other parties now or hereafter owing or paying Income under any Lease or now or hereafter having in their possession or control any Income from or allocated to the Mortgaged Property, or any part thereof, shall, upon the request of Mortgagee and until Mortgagee directs otherwise, pay and deliver such Income directly to Mortgagee at Mortgagee's address set forth below, or in such other manner as Mortgagee may direct such parties in writing and this authorization shall continue until this Mortgage is released

of record. No payor making payments to Mortgagee at its request under the assignment contained in this Mortgage shall have any responsibility to see to the application of any of such funds, and any party paying or delivering Income to Mortgagee under such assignment shall be released thereby from any and all liability to Mortgagor to the full extent and amount of all such Income so delivered. Notwithstanding any legal presumption to the contrary, Mortgagee shall not be obligated by reason of its acceptance of this assignment to perform any obligation of Mortgagor as lessor under any Lease. Neither the acceptance of this assignment nor the collection of Income under the Leases shall constitute a waiver of any rights of Mortgagee hereunder or under the Note or constitute a cure of any default by Mortgagor hereunder or thereunder.

18. Mortgagor's Waivers. Mortgagor hereby waives and releases all benefit that might accrue to Mortgagor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any stay of execution, exemption from civil process or extension of time for payment.

19. Communications. All notices and other communications provided for in this Mortgage shall be in writing and shall be given in the manner and become effective as set forth in the Note, and addressed to the respective parties at their addresses specified below or as to either party hereto at such other address as shall be designated by such party in a written notice to the other party hereto.

If to Mortgagor, to:

Keystone Automotive Operations, Inc.
c/o LKQ Corporation
500 West Madison Street, Suite 2800
Chicago, Illinois 60661
Attention: General Counsel
Facsimile: (312) 207-1529

If to Mortgagee, to:

Sphere Capital, LLC - Series A
360 North Crescent Drive, South Building
Beverly Hills, CA 90210
Attention: General Counsel
Facsimile: (310) 712-1863

20. Covenant Running with the Land. Any act or agreement to be done or performed by Mortgagor shall be construed as a covenant running with the land and shall be binding upon Mortgagor and its successors and assigns as if they had personally made such agreement.

21. Amendment. This Mortgage cannot be changed or amended except by agreement in writing signed by the party against whom enforcement of the change is sought.

22. **Applicable Law.** This Mortgage shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania, without regard to conflicts of law analysis or choice of law provisions.

23. **Construction.** Whenever used in this Mortgage, unless the context clearly indicates a contrary intent:

(a) The use of any gender shall include all genders;

(b) The singular number shall include the plural and the plural the singular as the context may require; and

(c) Initially capitalized terms not defined herein shall have the meanings ascribed thereto in the Note.

24. **Non-Usury and Severability Provisions.** Notwithstanding anything in this Mortgage or the Note to the contrary, neither this Mortgage nor the Note shall be deemed to impose on Mortgagor or Maker, as the case may be, any obligation of payment, except to the extent that the same may be legally enforceable, and any provision to the contrary shall be of no force or effect. If any term or provision of this Mortgage or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Mortgage, or the application of such term or provision to persons, properties and circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Mortgage shall be valid and enforceable to the fullest extent permitted by law.

25. **Captions.** The captions preceding the text of the paragraphs or subparagraphs of this Mortgage are inserted only for convenience of reference and shall not constitute a part of this Mortgage, nor shall they in any way affect its meaning, construction or effect.

26. **Non-Recourse.** Mortgagee acknowledges and agrees that Mortgagor shall have no personal liability hereunder and that Mortgagee's remedies against Mortgagor shall be limited to enforcement of this Mortgage against the Mortgaged Property. In no case shall Mortgagor have any claim against any other assets of Mortgagor.

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage the day and year first above written.

KEYSTONE AUTOMOTIVE OPERATIONS, INC., a Pennsylvania corporation

By:_____
Name: _____
Its:

ACKNOWLEDGMENT

STATE OF _____)
) SS:
COUNTY OF_____)

On the _____ day of _____, 2014, before me, a Notary Public in and for the State and County aforesaid, personally appeared _____, who acknowledged her/himself to be the _____ of **KEYSTONE AUTOMOTIVE OPERATIONS, INC.**, a Pennsylvania corporation, and that she/he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by her/himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

MY COMMISSION EXPIRES:

I hereby certify that the address
of Mortgagee is:

360 North Crescent Drive, South Building
Beverly Hills, CA 90210

_____
On behalf of Mortgagee

Exhibit A

Legal Description

PROPERTY 1:

Parcel 1: (DBK 2647, Pg 1196)

ALL THAT CERTAIN piece or parcel of land situated in the Borough of Exeter, County of Luzerne and Commonwealth of Pennsylvania bounded and described as follows, to wit:

BEGINNING at a concrete monument in the southerly sideline of Pennsylvania State Highway, Legislative Route No. 11 (Extension), also known as Back Road, said point monument also being in the dividing line between lands now or formerly of Joseph and Anita DePascale as recorded in Luzerne County Deed Book 1680, Page 515 and the lands herein described;

THENCE from said concrete monument and along said dividing line, and along lands now or formerly of Joseph Mirra, et. ux., South 34 degrees 13 minutes East, two hundred thirty-seven and thirty one hundredths (237.30) feet to a point in the northwesterly right-of-way line of the Lehigh Valley Railroad Company (West Pittston Branch);

THENCE from said point and along said right-of-way line, South 43 degrees 36 minutes West, one thousand one hundred twenty-one and twenty-five one-hundredths (1,121.25) feet to a point in the northeasterly sideline of Stevens Lane;

THENCE from said point and along said Stevens Lane sideline, North 29 degrees 28 minutes West, one hundred fifty-six and fifty-five one-hundredths (156.55) feet to a point on the southerly bank of Hick's (Carpenter's) Creek;

THENCE from said point and along the southerly bank of said Creek, along the end of Stevens Lane, along lands now or formerly State Automotive Corporation as recorded in Luzerne County Deed Book 1865 at Page 401, and along lands now or formerly of the Greater Pittston Chamber of Commerce as recorded in Luzerne County Deed Book 1908 at Page 622, by the two (2) following described lines: (1) North 79 degrees 00 minutes West, three hundred twenty-two and eighty-six one-hundredths (322.86) feet to a point; (2) South 81 degrees 55 minutes West, three hundred seventy-two and eighty-six one-hundredths (372.86) feet to a point in line of lands now or formerly of The First Ward Social Club of Exeter as recorded in Luzerne County-Deed Book 1529, at Page 458;

THENCE from said point and along said lands, North 12 degrees 01 minute West, four hundred eighty-seven (487.00) feet to a point in the aforesaid sideline of the Back Road;

THENCE from said point and along said sideline by the two (2) following described lines: (1) North 74 degrees 03 minutes East, ninety-seven and seventy-eight one-hundredths (97.78) feet to a point; (2) North 75 degrees 42 minutes East, one thousand four hundred fifty-five and twenty-eight one-hundredths (1,455.28) feet to a point, the place of BEGINNING.

CONTAINING 20.087 acres, be the same more or less.

PARCEL 2: (DBK 2293, Page 1197)

ALL the surface and right of soil of all that certain piece or parcel of land situate in the Borough of Exeter, County of Luzerne and Commonwealth of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a point in the southerly right-of-way line of State Highway Route #11, Extension, known as the "Back Road", and located about one thousand nine hundred eighty (1,980) feet westwardly along said highway from the center of Exeter Avenue, said point also being the northwesterly corner of Parcel #1 conveyed to the Pittston Area Industrial Development by Deed dated April 15, 1957; THENCE along the westerly side of said Parcel #1 of Pittston Area Industrial Development, South 14° 35' East, five hundred thirteen (513) feet, more or less, to a point in the southerly side of Carpenter's Creek, said point also being the southwesterly corner of Parcel #1 aforesaid; THENCE westwardly along the said southerly side of Carpenter's Creek also being the northerly line of Parcel #3 of Deed above-mentioned dated April 15, 1957, ninety (90) feet, more or less, to a point; THENCE North 14° 35' West, five hundred (500) feet, more or less, to a point in the southerly right-of-way line of State Highway Route #11 Extension aforesaid; THENCE eastwardly along said right-of-way line, ninety (90) feet, more or less, to the place of BEGINNING.

CONTAINING one acre, more or less.

PARCEL 3:

ALL those certain pieces or parcels of land situate in the Borough of Exeter, County of Luzerne and State of Pennsylvania, bounded and described as follows, to wit:

PURPART NO. 1: (DBK 2283, Page 930)

BEGINNING at a point in the southeasterly right-of-way line of State Highway Route No. 11 extension, Back Road, said point being the Northwest corner of a parcel of land conveyed by Troback Development Company to the First Ward Social Club of Exeter, by Deed dated September 9, 1963, and recorded in Luzerne County Deed Book 1529, page 458;

THENCE along said lands now or formerly of the First Ward Social Club of Exeter, South fourteen degrees fifteen minutes East, four hundred eighty-three and ninety-four hundredths (483.94) feet to a point in line of lands now or formerly of Jewelcor Incorporated;

THENCE along lands now or formerly of Jewelcor Incorporated the following two (2) courses and distances:
(1) South seventy-six degrees forty-nine minutes forty-six seconds West, twenty-eight and fifty-six hundredths (28.56) feet to a point;
(2) South seventy-five degrees forty-seven minutes twenty-four seconds West, seventy one and forty-four tenths (71.44) feet to a point:

THENCE through other lands of the Grantors herein, North fourteen degrees 15 minutes West (N. 14° 15' W.) four hundred seventy-two (472) feet more or less to a point on the Southeasterly right-of-way of State Highway Rt. 11 extension, Back Road;

THENCE along the Southeasterly right-of-way of State Highway Rt. 11, Back Road, North sixty-six degrees thirty-nine minutes forty-three seconds East (N. 66° 39' 43" E.) one hundred (100) feet to the place of BEGINNING

PURPART NO. 2: (DBK 2283, Page 930)

BEGINNING at a point in the southeasterly right-of-way line of State Highway Route No. 11 extension, Back Road, said point being the Northwest corner of a parcel of land conveyed to Elvira Chiavacci, a/k/a Vera Chiavacci and Jacquelyn E. Troback, by and through H. Deno Chiavacci, Attorney In Fact to James H. Belmont and Carmena T. Belmont, his wife, by deed dated May 13, 1982, and recorded in Luzerne County Deed Book 2073 at page 1027; THENCE along said lands now or formerly of James S. Belmont and Carmena T. Belmont, South fourteen degrees fifteen minutes East, (S. 14° 15' E.) four hundred seventy-two feet more or less to a point in line of lands now or formerly of Jewelcor, Incorporated;

THENCE along the lands now or formerly of Jewelcor, Incorporated the following three (3) courses and distances:
(1) South seventy-five degrees forty-seven minutes twenty-four seconds West, thirty-three and twenty-six hundredths (33.26) feet to a point;
(2) South seventy-five degrees fifteen minutes fifty-seven seconds West, fifty-two and twenty hundredths (52.20) feet to a point;
(3) South forty degrees twenty minutes thirty-two seconds West, twenty-seven feet plus or minus to a point;

THENCE through other lands of the Grantors herein, North fourteen degrees fifteen minutes West (N. 14° 15' W) four hundred sixty-two feet (462) more or less to a point on the Southeasterly right-of-way of State Highway Rt. 11, extension, Back Road;

THENCE along the said Southeasterly right-of way of State Highway Rt. 11, Back Road, North sixty-four degrees twenty-five minutes East (N. 64° 25' E.) fourteen and fifty-eight hundredths (14.58) feet to a point;

THENCE along the said Southeasterly right-of-way of State Highway Rt. 11, Back Road, North sixty-six degrees thirty-nine minutes forty-three seconds East, eighty-five and forty-two hundredths (85.42) feet to the place of BEGINNING.

PARCEL 4: (RBK 3005, Page 185663)

ALL THAT CERTAIN piece or parcel of land situate in the Borough of Exeter, County of Luzerne and State of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a point in the southeasterly right-of-way line of State Highway Route No. 11 extension, Back Road, said point being the Northwest corner of a parcel of land conveyed by Elvira Chiavacci, a/k/a Vera Chiavacci and Jacquelyn E. Troback by and through H. Deno Chiavacci, attorney in fact to James S. Belmont and Carmena T. Belmont, his wife, by deed dated June 20, 1983 and recorded in the Office of the Recorder of Deeds of Luzerne County In Deed Book 2105, page 170;

THENCE along said lands now or formerly of James S. Belmont and Carmena T. Belmont, his wife, South fourteen degrees fifteen minutes East (S. 14° 15' E.) four hundred sixty and ten one-hundredths (460.10) feet more or less to a point in line of lands now or formerly of Jewelcor Incorporated;

THENCE along the lands now or formerly of Jewelcor Incorporated the following two (2) courses and directions:
(1) South forty degrees twenty minutes thirty-two seconds West, seventy-three and twenty-five hundredths (73.25) feet to a point;
(2) South fifty-six degrees twenty-two minutes thirty-seven seconds West, forty and sixty-five hundredths feet plus or minus to a point;

THENCE through other lands now or formerly of Chiavacci, North fourteen degrees fifteen minutes West (N. 14° 15' W) four hundred ninety-six and thirty-seven hundredths feet more or less to a point on the southeasterly right-of-way of State Highway Rt. 11 extension, Back Road;

THENCE along the said southeasterly right-of-way of State Highway Rt. 11 extension, Back Road, North sixty-four degrees twenty-five minutes East (N. 64° 25' E) one hundred feet to the place of BEGINNING.

BEING the northerly half of Lot Number 3, Troback Development Number 1.

EXCEPTING AND RESERVING unto the appropriate person or other entity, the portion of the demised premises to which a declaration of taking by eminent domain was filed by the Borough of Exeter. The said declaration of taking is filed to No. 4123 of 1978 in the Office of the Prothonotary or the Court of Common Pleas of Luzerne County.

Schedule 1

The deeds evidencing the following parcels of the Mortgaged Property reflect a grantee other than the Mortgagor:

	Property Name/Use	**Property Address**	**Record Book & Page Number of Vesting Deed**	**Grantee (Exactly as Appears on the Vesting Deed Provided to Date)**
	Exeter Warehouse	100 Slocum Avenue Exeter, PA 18643	Bk 2647 Pg 1196	Keystone Automotive Warehouse, a partnership
			Bk 2283 Pg 930	Keystone Automotive Warehouse
			Bk 2293 Pg 1197	Keystone Automotive Warehouse

Prepared by:

[name]
[address]
(___) ____- _____

Return to:

[name]
[address]
(___) ____- _____

Parcel No(s). _____

MORTGAGE

From

KEYSTONE AUTOMOTIVE OPERATIONS, INC.

Mortgagor

To

SPHERE CAPITAL, LLC - SERIES A

Mortgagee

Exhibit 12.1

LKQ CORPORATION AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
(In thousands, except ratios)
(Unaudited)

	Year Ended December 31,				
	2009	2010	2011	2012	2013
Income from continuing operations before provision for income taxes	$ 205,317	$ 270,125	$ 335,771	$ 409,167	$ 475,827
Fixed charges	53,993	54,769	56,901	71,983	100,190
Amortization of capitalized interest, net of interest capitalized	44	2	(318)	(57)	56
Earnings available for fixed charges	$ 259,354	$ 324,896	$ 392,354	$ 481,093	$ 576,073
Fixed charges:					
Interest expense, including amortization of debt issuance costs	$ 32,252	$ 29,765	$ 24,307	$ 31,429	$ 51,184
Capitalized interest	—	35	479	296	130
Portion of rental expense representative of interest	21,741	24,969	32,115	40,258	48,876
Total fixed charges	$ 53,993	$ 54,769	$ 56,901	$ 71,983	$ 100,190
Ratio of earnings to fixed charges	4.8	5.9	6.9	6.7	5.7

Exhibit 21.1

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of December 31, 2013)

Subsidiary	Jurisdiction	Assumed Names
U.S. Entities		
Accu-Parts LLC	New York	
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
ATK Motorsports Inc.	California	
Budget Auto Parts U-Pull-It, Inc.	Louisiana	
City Auto Parts of Durham, Inc.	North Carolina	LKQ Self Service Auto Parts-Durham
Damron Holding Company, LLC	Delaware	LKQ North Florida; LKQ Melbourne; LKQ Service Center Crystal River; LKQ Fort Myers
DAP Trucking, LLC	Florida	
Double R Auto Sales, Inc.	Florida	
Gearhead Engines Inc.	California	
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
KAH Acquisition Sub, Inc.	Delaware	
KAI China LLC	Delaware	
KAIR IL, LLC	Illinois	
Keystone Automotive Industries, Inc.	California	Transwheel, Coast to Coast International; LKQ of Cleveland; Keystone Automotive-San Francisco Bay Area; Chrome Enhancements
Kwik Auto Body Supplies, Inc.	Massachusetts	
Lakefront Capital Holdings, Inc.	California	
LKQ 1st Choice Auto Parts, LLC	Oklahoma	
LKQ 250 Auto, Inc.	Ohio	
LKQ A&R Auto Parts, Inc.	South Carolina	
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 Atlanta, L.P.	Delaware	LKQ Carolina; LKQ Parts Outlet-Atlanta
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 Orlando, LLC	Florida	LKQ Self Service Auto Parts-Orlando; LKQ Pick Your Part
LKQ Auto Parts of Utah, LLC	Utah	
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

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of 12/31/13)

Subsidiary	Jurisdiction	Assumed Names
LKQ Birmingham, Inc.	Alabama	LKQ Gulf Coast; LKQ Plunks Truck Parts & Equipment - West Monroe
LKQ Brad's Auto & Truck Parts, Inc.	Oregon	
LKQ Broadway Auto Parts, Inc.	New York	LKQ Buffalo; LKQ Self Service Auto Parts-Buffalo
LKQ Copher Self Service Auto Parts-Bradenton Inc.	Florida	LKQ Pick Your Part
LKQ Copher Self Service Auto Parts-Clearwater Inc.	Florida	LKQ Pick Your Part
LKQ Copher Self Service Auto Parts-St. Petersburg Inc.	Florida	LKQ Pick Your Part
LKQ Copher Self Service Auto Parts-Tampa Inc.	Florida	LKQ Pick Your Part
LKQ Crystal River, Inc.	Florida	LKQ Fort Myers; LKQ Heavy Truck-Tampa; LKQ Pick Your Part
LKQ Delaware LLP	Delaware	
LKQ Finance 1 LLC	Delaware	
LKQ Finance 2 LLC	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 Holding Co.	Delaware	
LKQ Hunts Point Auto Parts Corp.	New York	Partsland USA; LKQ Auto Parts of Eastern Pennsylvania; LKQ Auto Parts
LKQ Lakenor Auto & Truck Salvage, Inc.	California	LKQ of Southern California; LKQ of Las Vegas; LKQ Parts Outlet-Los Angeles
LKQ Management Company	Delaware	
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 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 of Tennessee, Inc.	Tennessee	
LKQ Online Corp.	Delaware	
LKQ Penn-Mar, Inc.	Pennsylvania	LKQ Thruway Auto Parts; LKQ Venice Auto Parts; LKQ Triple Nickel Trucks
LKQ Plunks Truck Parts & Equipment - Jackson, Inc.	Mississippi	

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of 12/31/13)

Subsidiary	Jurisdiction	Assumed Names
LKQ Powertrain, Inc.	Delaware	
LKQ Precious Metals, Inc.	Rhode Island	
LKQ Raleigh Auto Parts Corp.	North Carolina	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 Salisbury, Inc.	North Carolina	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 Savannah, Inc.	Georgia	LKQ Self Service Auto Parts-Savannah; LKQ Pick Your Part
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-Memphis LLC	Tennessee	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
LKQ Southwick LLC	Massachusetts	
LKQ Taiwan Holding Company	Illinois	
LKQ Tire & Recycling, Inc.	Delaware	
LKQ Trading Company	Delaware	
LKQ Triplett ASAP, Inc.	Ohio	LKQ Heavy Truck-Goody's; LKQ Pittsburgh; LKQ Pick Your Part
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	
Michael Auto Parts, Incorporated	Florida	
North American ATK Corporation	California	
P.B.E. Specialties, Inc.	Massachusetts	
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 South, Inc.	Florida	
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
Scrap Processors, LLC	Illinois	
Speedway Pull-N-Save Auto Parts, LLC	Florida	LKQ Self Service Auto Parts of Daytona, LLC
Supreme Auto Parts, Inc.	Pennsylvania	
U-Pull-It, Inc.	Illinois	LKQ PickYour Part Blue Island
U-Pull-It, North, LLC	Illinois	LKQ Pick Your Part

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of 12/31/13)

Subsidiary	Jurisdiction	Assumed Names
Foreign Entities		
1323352 Alberta ULC	Alberta	
1323410 Alberta ULC	Alberta	
A.C.N. 165 321 979 Pty Ltd. (49% stake)	Australia	
Ageres B.V.	Netherlands	
AP Logistics Belgie NV	Belgium	
AP Logistics B.V.	Netherlands	
Autoclimate Limited	England & Wales	
Automotive Data Services Limited	England & Wales	
Bee Bee Refinishing Supplies (Halstead) Limited	England & Wales	
Car Parts 4 Less Limited	England & Wales	
Distribuidora Hermanos Copher Internacional, SA	Guatemala	
Euro Car Parts Holdings Limited	England & Wales	
Euro Car Parts Limited	England & Wales	
Euro Car Parts Ltd	Ireland	
Euro Car Parts (Northern Ireland) Limited	Northern Ireland	
Euro Garage Solutions Ltd	England & Wales	
Harrems Tools B.V.	Netherlands	
Harrems Tools N.V.	Belgium	
Hartsant Crash Repair Bvba	Belgium	
Hartsant Crash Repair Parts B.V.	Netherlands	
Havan Automotive B.V.	Netherlands	
Hermanos Copher Internacional, SA	Costa Rica	
HF Services B.V.	Netherlands	
HF Services Blva	Belgium	
IPAR Industrial Partners B.V.	Netherlands	
Iris Coatings Limited	England & Wales	
Iris Distribution Limited	England & Wales	

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of 12/31/13)

Subsidiary	Jurisdiction	Assumed Names
JCA Coatings Limited	England & Wales	
JP Automotive and Industrial Supplies Limited	England & Wales	
Keystone Automotive de Mexico, Sociedad de Responsabilidad Limitada de Capital Variable	Mexico	
Keystone Automotive Industries CDN, Inc.	Ontario	
Keystone Automotive Industries ON, Inc.	Canada (Federal)	
Kuhne Nederland B.V.	Netherlands	
LKQ Canada Auto Parts Inc.	Canada (Federal)	
LKQ Canada ULC	Alberta	
LKQ Coatings Limited	England & Wales	
LKQ Euro Limited	United Kingdom	
LKQ Netherlands B.V.	Netherlands	
LKQ Ontario LP	Ontario	
LKQ Trucks and Parts de Mexico S. de R.L de C.V.	Mexico	
LKQ UK Finance 1 LLP	England & Wales	
LKQ UK Finance 2 LLP	England & Wales	
Milton Keynes Paint & Equipment Limited	England & Wales	
MKS Products Limited	England & Wales	
Nipparts B.V.	Netherlands	
Nipparts Deutschland GmbH	Germany	
Nipparts UK Ltd.	England & Wales	
Nohau Systems B.V.	Netherlands	
Pauwels B.V.	Netherlands	
Premier Paints Limited	England & Wales	
Quinton Hazell Benelux B.V.	Netherlands	
Sator Beheer B.V.	Netherlands	
Sator Central Services B.V.	Netherlands	
Sator Holding B.V.	Netherlands	
Seebeck 31 Limited	England & Wales	
Sinemaster Motor Factors Limited	England & Wales	

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of 12/31/13)

Subsidiary	Jurisdiction	Assumed Names
Sonshine Auto Parts Inc.	Ontario	
Van Heck & Co. B.V.	Netherlands	
Van Heck Interpieces N.V.	Belgium	
Van Heck Vastgoed B.V.	Netherlands	
Vehicle Data Services Limited	England & Wales	
Vege de Mexico S.A. de C.V.	Mexico	
Vege-Motodis S.A. de C.V.	Mexico	
Vhip FR SAS	France	

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. 333-182502 on Form S-3, and Registration Statement Nos. 333-193585, 333-133911 and 333-160395 on Form S-4 of our reports dated March 3, 2014, 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, 2013.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
March 3, 2014

Exhibit 31.1

CERTIFICATION

I, Robert L. Wagman, 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.

March 3, 2014

/s/ ROBERT L. WAGMAN

Robert L. Wagman

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John S. Quinn, 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.

March 3, 2014

/s/ JOHN S. QUINN

John S. Quinn

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, 2013, 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: March 3, 2014

/s/ ROBERT L. WAGMAN

Robert L. Wagman

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, 2013, 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: March 3, 2014

/s/ JOHN S. QUINN

John S. Quinn

Executive Vice President and Chief Financial Officer