LKQ CORP
Form 424B5
September 20, 2007

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-133910

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Share(1)	Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, $0.01 par value per share	13,800,000	$31.00	$427,800,000	$13,133.46

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(r) under the Securities Act.

(2) Includes 1,800,000 shares of Common Stock that the underwriters have the option to purchase to cover over-allotments, if any.

(3) Calculated pursuant to Rule 457(r) under the Securities Act at the statutory rate of $30.70 per $1,000,000 of securities registered and relating to the Registration Statement on Form S-3 ASR (No. 333-133910) filed by LKQ Corporation on May 9, 2006.

PROSPECTUS SUPPLEMENT
(To Prospectus dated May 9, 2006)

LKQ Corporation

12,000,000 Shares of Common Stock

We are selling 10,000,000 shares of our common stock, and the selling stockholders identified in this prospectus supplement are selling 2,000,000 shares of our common stock. We will not receive any proceeds from the shares of common stock sold by the selling stockholders.

Our common stock is quoted on the NASDAQ Global Select Market under the trading symbol "LKQX." The last reported sale price of our common stock on the NASDAQ Global Select Market on September 19, 2007 was $32.71 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-17 for a description of various risks you should consider in evaluating an investment in our common stock.

	Per Share	Total
Public offering price	$ 31.00	$ 372,000,000
Underwriting discount	$ 1.3175	$ 15,810,000
Proceeds, before expenses, to us	$ 29.6825	$ 296,825,000
Proceeds, before expenses, to selling stockholders	$ 29.6825	$ 59,365,000

The underwriters have an option to purchase up to an additional 1,800,000 shares of our common stock from us on the same terms set forth above, to cover over-allotments, if any, within 30 days of the date of this prospectus supplement.

The underwriters are offering the common stock as set forth under "Underwriting." Delivery of the shares of common stock will be made on or about September 25, 2007.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Robert W. Baird & Co. **Deutsche Bank Securities**

Co-Managers

BB&T Capital Markets **Raymond James**

September 19, 2007

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PROSPECTUS SUPPLEMENT

PROSPECTUS

You should rely only on the information incorporated by reference or provided in this prospectus supplement or the accompanying prospectus. We, the selling stockholders, and the underwriters have not authorized anyone to provide you with different information. You should not assume that the information provided in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference, or any other offering material is accurate as of any date other than the date of those documents, as applicable. We, the selling stockholders, and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration process. This document contains two parts. The first part consists of this prospectus supplement, which provides you with specific information about the shares of our common stock that we and the selling stockholders are selling in this offering and about the offering itself. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us and our common stock and other information you should know before investing in our common stock. Before purchasing any shares of common stock, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the headings "Where You Can Find More Information" and "Documents Incorporated by Reference."

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We, the selling stockholders, and the underwriters have not authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information provided in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference, or any other offering material is accurate as of any dates other than the dates on the front of those documents, as applicable. Our business, financial condition, results of operations, and prospects may have changed since those dates.

We, the selling stockholders, and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

MARKET AND INDUSTRY DATA AND FORECASTS

This prospectus supplement and the accompanying prospectus include or incorporate by reference industry data and forecasts that we obtained from industry publications and surveys and internal company surveys. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein.

FORWARD-LOOKING STATEMENTS

Some of the statements included in this prospectus supplement, the accompanying prospectus, and the other public filings incorporated by reference herein or therein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). 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:

- failure of the proposed Keystone transaction to close due to the failure to obtain regulatory or other approvals;
- failure of Keystone's shareholders to approve the transaction;
- failure to obtain adequate financing for the Keystone transaction or failure of the lenders to provide their committed financing;
- the risk that the pending litigation against Keystone relating to the Keystone transaction could terminate or delay the Keystone transaction;
- the risk that Keystone's business will not be integrated successfully or that we will incur unanticipated costs of integration;
- the ability to maintain Keystone's vendor and key customer relationships and retain key employees;
- uncertainty as to changes in U.S. general economic activity and the impact of these changes on the demand for our products;
- fluctuations in the pricing of new OEM replacement parts;
- the availability and cost of inventory;
- variations in vehicle accident rates;
- changes in state or federal laws or regulations affecting our business;
- changes in the types of replacements parts that insurance carriers will accept in the repair process;
- changes in the demand for our products and the supply of our inventory due to severity of weather and seasonality of weather patterns;
- the amount and timing of operating costs and capital expenditures relating to the maintenance and expansion of our business, operations, and infrastructure;
- increasing competition in the automotive parts industry;

our ability to increase or maintain revenue and profitability at our facilities;

uncertainty as to our future profitability on a consolidated basis;

uncertainty as to the impact on our industry of any terrorist attacks or responses to terrorist attacks;

our ability to operate within the limitations imposed by financing arrangements;

our ability to obtain financing on acceptable terms to finance our growth;

- our ability to integrate and successfully operate recently acquired companies and any companies acquired in the future and the risks associated with these companies;

- declines in the values of our assets;

- fluctuations in fuel prices; and

- our ability to develop and implement the operational and financial systems needed to manage our growing operations.

Other matters set forth in this prospectus supplement, the accompanying prospectus, and the other public filings incorporated by reference herein or therein 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. Any of these forward-looking statements are based on our expectations as of the date on which that statement is made, and 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.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights certain information incorporated by reference or appearing elsewhere in this prospectus supplement or the accompanying prospectus. As a result, it is not complete and does not contain all of the information that you should consider before purchasing our common stock. You should read the following summary in conjunction with the more detailed information contained in this prospectus supplement, including the "Risk Factors" section, the accompanying prospectus, and the documents incorporated by reference. Unless otherwise stated or the context otherwise requires, references in this prospectus supplement to "we," "our," or "us" refer to LKQ Corporation and its subsidiaries. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters will not exercise their over-allotment option to purchase 1,800,000 additional shares.

On July 16, 2007 we signed a definitive merger agreement to acquire Keystone Automotive Industries, Inc. ("Keystone") for an aggregate purchase price before transaction costs of approximately $811 million (the "Keystone Acquisition"). Except as otherwise indicated, this prospectus supplement does not give pro forma effect to the Keystone Acquisition. Unless otherwise indicated, references to fiscal year refer to our fiscal year, which ends December 31. The fiscal year of Keystone ends on the Friday nearest March 31, which results in either a 52-week or 53-week fiscal year.

Our Business

We provide and distribute replacement systems, components, and parts needed for collision and mechanical repairs to light vehicles (cars and light trucks). Buyers of light vehicle replacement products have the option to purchase from primarily three 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 referred to as "aftermarket products;" and recycled products originally produced by OEMs, which we refer to as recycled OEM products. We participate in the market for recycled OEM products as well as the market for collision replacement aftermarket products. We obtain aftermarket products and salvage vehicles from a variety of sources, and we dismantle the salvage vehicles to obtain a comprehensive range of vehicle products that we distribute into the light vehicle repair market. We recently entered the business of refurbishing and distributing aluminum alloy wheels, head lamps and tail lamps. We are not involved in the manufacture of automotive products and do not maintain any manufacturing or remanufacturing operations.

We believe we are the largest nationwide provider and distributor of recycled OEM products and related services, with sales, processing, and distribution facilities that reach most major markets in the U.S. We believe that we are the second largest nationwide provider and distributor of aftermarket collision replacement products and refurbished wheels. We believe there are opportunities for growth in all our product lines through acquisitions and internal development.

We procure salvage vehicles, primarily at auctions, using our locally based professionals, proprietary processes, and a disciplined procurement system. In addition, as an alternative source of salvage vehicles, we obtain some inventory directly from insurance companies, vehicle manufacturers, and other suppliers. Once we have received proper title, which assures us that the vehicles have not been stolen, we dismantle such vehicles for recycled OEM products. We purchase aftermarket products from manufacturers, primarily in Taiwan, using a proprietary order management system.

The majority of our products and services are sold to collision repair shops, also known as body shops, and mechanical repair shops. We indirectly rely on insurance companies, which often pay the collision repair shops for the repair of insured vehicles, as a source of business. These insurance companies exert significant influence in the vehicle repair decision, and increasingly look to a nationwide source for consistency, quality, and availability of replacement products. Because of their importance to the process, we have formed business relationships with certain insurance companies and with certain extended warranty providers, in order to be their preferred light vehicle parts supplier. For example, with some insurance companies we have vehicle repair order estimate review programs in place and provide their claims adjusters a part quote and locator service. In addition, we provide them an outlet to dispose of certain total loss vehicles directly to us. We provide extended warranty companies a single national call desk to service their nationwide needs for mechanical products.

We believe we provide customers a value proposition that includes high quality products, extensive product availability due to our regional inventory trading zones, lower costs than new OEM products, and quick delivery. We provide benefits to repair shops and insurance companies because the lower costs for our products enable many vehicles to be repaired rather than declared a total loss; additionally, our comprehensive product line and high fill rates speed repair turnaround time, reducing repair-related rental car expenses borne by insurance companies. By expanding our product offerings to include recycled OEM products, aftermarket products, and refurbished products we now offer customers a more extensive range of light vehicle replacement products. We believe this unique combination of product offerings allows us to serve as a "one-stop" solution for our customers looking for the most cost advantageous way to repair vehicles.

We believe that our business is environmentally responsible. Our recycled automotive products provide an alternative to the manufacture of new products, which would require the expenditure of significantly more resources and energy and would generate a substantial amount of additional pollution. Also, we recycle materials, such as fuel, motor oil, and freon, from the salvage vehicles that we procure.

Our History

We believe we were the first recycler of light vehicle products to achieve a national network and presence. Since our formation in 1998, we have grown through both internal development and acquisitions. Our acquisition strategy has been to target companies with strategic locations and significant market presence, strong management teams, a record of environmental compliance, solid growth prospects, and a reputation for quality and customer service. We currently have 70 locations in the U.S. and Canada that supply wholesale recycled OEM products.

In February 2004, we expanded our product offering by also becoming a supplier of aftermarket products and a provider of self-service retail recycled vehicle products. We currently have approximately 49 locations that supply aftermarket products, 19 of which are co-located at wholesale recycling facilities. We have 25 locations providing self-service retail recycled vehicle products. We also operate out of four locations in Central America. In January 2006, we acquired an aluminum alloy wheel refurbishing and distribution business. Our wheel subsidiary currently operates six refurbishing and distribution facilities, one of which is co-located at an aftermarket facility. We also have a lamp refurbishing facility and a facility that sorts mechanical part cores that are sold to part remanufacturers.

In the first six months of 2007, we acquired seven businesses (four in the recycled OEM products business, one that refurbishes and distributes head lamps and tail lamps, and two in the aftermarket products business). In July 2007 we acquired a company in the recycled OEM products business in Quebec, Canada that sells products for commercial and recreational vehicles as well as light vehicles. These business acquisitions enabled us to expand our presence in existing markets, serve new market areas, and expand our product offering.

Our revenue has increased from $287.1 million in 2002 to $789.4 million in 2006, a 28.8% compound annual growth rate. During the same period, our operating income increased from $20.8 million to $77.2 million, a 38.8% compound annual growth rate. For the year ended December 31, 2006, revenue derived from recycled OEM products and related services represented approximately 60% of our revenue, sales of aftermarket and refurbished products and services represented approximately 24% of our revenue, and sales of other products, such as scrap and other bulk products, represented approximately 16% of our revenue. Our revenue for the six months ended June 30, 2007 was $468.6 million, an increase of 21.0% over the same period in 2006, and our operating income was $53.9 million, a 31.7% increase over the same period in 2006.

Our Strengths

We Provide a National Solution to Insurance Companies and Extended Warranty Providers.

We believe that our nationwide presence gives us a unique ability to service the major automobile insurance companies and extended warranty providers. Insurance companies and extended warranty providers operate generally at a national or regional level and play a critical role in the repair process. We believe we provide 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 comparable quality to the part replaced. Specifically, we assist insurance companies by purchasing insured total loss vehicles and by providing cost effective products through sales to collision repair shops, especially to repair shops that are part of an insurance company network. We also provide a review of vehicle repair order estimates to insurance companies so they may assess the opportunity to increase usage of recycled OEM, aftermarket, and refurbished products. For extended warranty providers, we provide a single national call desk to service their nationwide need for mechanical products.

We Believe We Have the Only National Network for Recycled OEM Products and it Would be Difficult to Replicate.

We have invested significant capital developing a national network of recycled OEM product facilities that serves most major metropolitan areas in the U.S. We have differentiated ourselves from our local competitors and made replication of our network difficult by developing our network through purchasing anchor companies that were among the largest companies in the industry. The difficulty and time required to obtain proper zoning, as well as dismantling and other environmental permits necessary to operate newly-sited facilities, would make establishing new facilities challenging. In addition, there are difficulties associated with recruiting and hiring an experienced management team that has strong industry knowledge and local relationships with customers. Finally, our national network allows us to enter new adjacent markets quickly by establishing redistribution facilities, which avoids the need for local dismantling capabilities and inventory.

We Benefit From a Local Presence.

Our network of facilities allows us to develop and maintain our relationships with local repair shops, while providing a level of service to insurance companies and national customers that is made possible by our nationwide presence. Our local presence allows us to provide daily deliveries that our customers require, 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 that we are able to offer as a result of our regional inventory network.

We Have a Proven and Effective Procurement Process.

We have designed information systems and methodologies to procure salvage vehicles and aftermarket products cost-effectively. As our largest single expenditure, efficient procurement of salvage vehicles is critical to the growth, operating results, and cash flow of our business. Our processes and know-how allow us to identify and value the parts that can be recycled on a damaged vehicle at auction and to determine rapidly the maximum price we will pay for the vehicle in order to achieve our target margins on resale of the recycled OEM products. We carefully analyze the market and obtain aftermarket products and salvage vehicles of the type whose parts are in demand at prices that we believe will allow us to sell products profitably. We have also taken advantage of our relationships with insurance companies and vehicle manufacturers to obtain salvage vehicles outside the auction process.

We Have a Broad and Deep Inventory of Products.

We believe that our customers place a high value on availability of a broad range of light vehicle replacement products. We also believe that our inventory of recycled OEM, aftermarket and refurbished products allows us to fill a higher percentage of our customers' orders than our competitors. In addition, our ability to share inventory on a regional basis increases the availability of replacement products and also helps us to fill a higher percentage of our customers' orders. We have developed regional trading zones within which we make our inventory available to our local facilities, mostly via overnight product transfers. We manage our inventory and purchasing on a regional basis to enhance the availability of the products that we believe will be in the highest demand within each region. Our broad and deep inventory furthers our ability to serve as a one-stop solution for our customers' recycled OEM, aftermarket, and refurbished product needs.

We Have Implemented Management Disciplines.

Our management and operations team is highly experienced, with many managers having spent their entire careers in the light vehicle recycling and aftermarket distribution industries. We have developed and built procurement, operating, and financial systems that have allowed us to grow and develop our national network and implement professional management techniques and disciplines. As our business has grown, we have acquired additional management talent which has furthered the sharing of best practices throughout the company. In addition, our senior management team has extensive acquisition experience and will continue to use our disciplined approach in targeting growth opportunities.

Our Strategies

Strengthen our National Network Through Internal Growth and Acquisitions.

We intend to continue to expand our market coverage through a combination of internal development and acquisitions and to look for opportunities to expand into new regions and into adjacent markets. We plan to establish a presence in additional major metropolitan markets and a number of smaller markets in the U.S. and Canada. We have applied an analytical and disciplined approach to our acquisition process and have targeted companies with strong management teams, a record of environmental compliance, solid growth prospects, and a reputation for quality and customer service. Assuming the acquisition of Keystone is completed, we intend to focus on integrating Keystone's personnel and business with our own, which may affect the number of acquisitions that we pursue in the immediate future.

Further Develop Business Relationships.

We intend to continue to develop business relationships with automobile insurance companies, extended warranty providers, and other industry participants. We believe that insurance companies and extended warranty providers, as payors for many repairs, will take a more active role in the selection of replacement products in the repair process in order to encourage the use of lower cost alternatives to new OEM products. On behalf of certain insurance company customers, we provide a review of vehicle repair order estimates so they may assess the opportunity to increase usage of recycled OEM, aftermarket, and refurbished products in the repair process, thereby reducing their costs. Our employees also provide quotes for our products to assist several insurance companies with their estimate and settlement processes. We also work with insurance companies and light vehicle manufacturers to procure salvage vehicles directly from them on a selected basis, which provides us an additional source of supply and provides them improved economics on salvage vehicle sales. We believe we are positioned to take advantage of the increasing importance of these industry participants and will continue to look for ways to enhance our relationships.

Continue to Improve our Operating Results.

We are working to improve our operating results by applying our business disciplines to our most recently acquired facilities, continuing to build our network, further centralizing certain functions, improving our use of technology, and increasing revenue at our lower volume facilities. Our higher volume facilities generally operate at a higher profitability level as a percentage of revenue. We believe we can improve the profitability level at our lower volume facilities by achieving the higher volumes and improved economies of scale that we realize at our higher volume facilities. We intend to continue to refine our procurement system, which uses methodologies that analyze demand levels for our products, existing inventory levels, and projected margins on an individual vehicle basis.

Further Develop our Technology and Business Processes.

We continue to emphasize the use of technology in our processes to improve efficiency and to increase the standardization of our business. Our technology and proprietary processes enhance procurement, pricing, and inventory management. We continue to develop our technology to allow us to better manage and analyze our inventory, to assist our salespersons with up-to-date pricing and availability of our products, and to further enhance our procurement process. For example, many of our representatives responsible for procuring vehicles, whom we refer to as "scouts," are equipped with handheld computing devices to assist them in appraising the vehicles prior to submitting a bid to purchase the vehicle.

Raise Industry Standards by Being the Industry Leader.

Since our inception, we have employed a professional approach to the light vehicle recycling business. We continue to seek new ways to improve our methodologies and to communicate our standards to our customers. We further believe that, by elevating industry standards in areas such as customer service, integrity, product quality and availability, delivery time, warranty support, environmental compliance, and appearance of facilities, we can help promote the acceptability of the use of recycled OEM, aftermarket, and refurbished products.

The Keystone Acquisition

On July 16, 2007, we entered into a definitive Agreement and Plan of Merger (the "Merger Agreement") with Keystone. Under the terms of the Merger Agreement, LKQ Acquisition Company, our wholly-owned subsidiary ("Merger Sub"), will be merged with and into Keystone with Keystone being the surviving corporation and becoming a wholly-owned subsidiary of ours. In connection with the transaction, holders of Keystone common stock will be entitled to receive, in exchange therefor, $48.00 per share in cash. The aggregate cash consideration will be approximately $810.8 million, less approximately $11.5 million with respect to shares of Keystone's common stock beneficially owned by us on the record date, that will be cancelled in the transaction without consideration, and less Keystone's net cash balance at closing.

Founded in 1947, Keystone is the nation's leading distributor of aftermarket collision replacement parts produced by independent manufacturers for light vehicles. Keystone distributes products primarily to collision repair shops throughout most of the U.S. and certain areas in Canada. In addition, Keystone recycles and produces chrome plated and plastic bumpers and remanufactures alloy and steel wheels. Keystone's principal product lines consist of light vehicle body parts, bumpers, and remanufactured alloy wheels, as well as paint and other materials used in repairing a damaged vehicle. Keystone currently offers more than 22,000 stock keeping units ("SKUs") to over 25,000 collision repair shop customers, out of an estimated 45,000 shops nationwide.

Headquartered in Nashville, Tennessee, Keystone operates 137 distribution centers and 13 depots located in 39 states throughout the U.S., as well as in the provinces of Ontario, Quebec, and British Columbia in Canada. Thirteen of the distribution centers serve as regional hubs. From these distribution centers, Keystone has over

1,800 customer service and salespersons who call on or have contact with collision repair shops. Keystone operates 56 plastic and steel bumper recycling facilities and 13 wheel remanufacturing facilities in the U.S. and Mexico. All but eight of these facilities are co-located with distribution centers.

Keystone's revenue has increased from $439.1 million in the fiscal year ended March 28, 2003 to $714.0 million for the fiscal year ended March 30, 2007, a 13% compound annual growth rate. During the same period, Keystone grew operating income from $23.0 million to $47.6 million, a 20% compound annual growth rate. For the fiscal year ended March 30, 2007, revenue derived from automotive aftermarket body parts represented approximately 53% of Keystone's revenue, sales of new and remanufactured bumpers represented approximately 30% of revenue, sales of paint and related products represented approximately 9% of revenue, and sales of wheels and related parts represented approximately 8% of revenue. For the thirteen weeks ended June 29, 2007, Keystone achieved net sales of $180.7 million, a 7.8% increase over the corresponding period in 2006, and operating income of $11.6 million, a 15.2% increase over the corresponding period in 2006.

Strategic Rationale for the Keystone Acquisition

We believe the Keystone Acquisition provides a number of strategic benefits, including the following:

Combines Highly Complementary Product Lines, Enhancing Our Ability to be a One-Stop Shop for Collision Replacement Parts.

We participate in the $188 billion light vehicle mechanical and collision replacement parts industry, which includes the $43 billion collision repair industry in which Keystone participates. When a repair shop needs to secure a part to fix a car or light truck, there are three choices: a new OEM product, a recycled OEM product, or a new aftermarket product. We believe our heritage as a leader in providing recycled OEM collision and mechanical products to the repair industry in North America is complemented well by Keystone's national leadership in the light vehicle aftermarket parts market. While recycled OEM products tend to be larger, higher value items such as full front end assemblies, door assemblies, engines, and transmissions, aftermarket products tend to be the smaller items that move through inventory quickly, such as head lamps, tail lamps, bumpers, grilles, and fenders. The combination of our businesses creates a deep inventory of both product lines, enabling us to increase our fulfillment rates and better serve our customers with a one-stop shop solution for replacement products.

Expands Our North American Footprint in the Market for Replacement Products Distribution.

The two businesses combined had over $1.5 billion in sales for their respective last fiscal years, serving the light vehicle replacement products market with approximately 294 points of distribution across the U.S. and Canada. While our existing business maintains a national footprint for recycled products, the Keystone Acquisition adds a national footprint for aftermarket products, along with a presence in Canada. Furthermore, we believe that Keystone's existing footprint fits strategically with our network of recycled products facilities. The Keystone Acquisition allows us to provide additional value to our collision repair shop customers over a larger market area by having greater breadth and depth of inventory and distribution presence. We believe this enhanced position will lead to further utilization of aftermarket replacement products, which based on the economic benefits relative to new OEM products, may reduce the overall cost of repair for our customers and the insurance industry.

Provides Opportunity for Significant Combination Benefits.

We believe the annual cost efficiencies and benefits from the Keystone Acquisition will be approximately $25 to $35 million, which we expect to realize over the next several years. Key areas for benefits include purchasing efficiencies, warehousing and distribution savings, overhead reductions including those related to duplicative public company expenses, and working capital efficiencies. There will also be potential cross-selling opportunities and enhanced fulfillment rates.

Merger Agreement

The Merger Agreement contains representations, warranties, and covenants typical for transactions of this type. The Merger Agreement also contains certain conditions to the closing of the Keystone Acquisition, including the following: the principal terms of the Merger Agreement and the Keystone Acquisition must have been approved by Keystone's shareholders; the waiting periods (including any extensions) under the Hart-Scott-Rodino Antitrust Improvements Act ("HSR") must have expired or been terminated; no law or order issued by any court or other governmental entity is in effect preventing the consummation of the Keystone Acquisition or any other transaction contemplated by the Merger Agreement; each party must have performed or complied in all material respects with all material agreements and covenants required by the Merger Agreement to be performed or complied with; and the representations and warranties of each party must be materially true and correct as of the closing date. The Keystone Acquisition is not conditioned on us obtaining financing to pay the purchase price. The HSR waiting period expired on September 4, 2007. A special meeting of Keystone's shareholders to consider the Keystone Acquisition and the Merger Agreement is expected to be held in early October 2007. Subject to the approval of Keystone's shareholders and subject to the satisfaction or waiver of the remaining closing conditions, we expect to complete the Keystone Acquisition and the related debt financing in October 2007.

The Financing Transaction

We estimate that the total amount of funds we need to complete the Keystone Acquisition and the related transactions is approximately $1.07 billion. This includes approximately $799.3 million to be paid out to Keystone shareholders (other than us) and holders of other equity-based interests in Keystone. In addition, we will use approximately $224.0 million for working capital and to repay our anticipated indebtedness at the closing of the Keystone Acquisition and pay approximately $44.1 million in fees and expenses related to the transactions.

In connection with the execution and delivery of the Merger Agreement, we entered into a debt financing commitment letter with affiliates of Lehman Brothers Inc. and Deutsche Bank Securities Inc. to provide approximately $1.09 billion in debt financing, consisting of (1) a seven-year, $840 million first-lien term loan facility, (2) a six-year, $100 million revolving credit facility, and (3) a seven-and-one-half year, $150 million second-lien term loan facility. The proceeds of the debt financing are intended to finance the payment of the Keystone Acquisition consideration, the refinancing of certain of our debt outstanding on the closing date of the Keystone Acquisition, and to pay fees and expenses related to these transactions, and, in the case of the revolving facility, to fund general working capital requirements after the closing date of the Keystone Acquisition. The proceeds we receive from this offering are expected to eliminate our need to enter into the $150 million second-lien term loan facility and to reduce to approximately $750 million the amount we would borrow under the $840 million first-lien term loan facility. A more detailed description of the terms of the commitment letter is set forth below following the table describing the sources and uses of funds.

The following table sets forth the estimated sources and uses of funds relating to the Keystone Acquisition, the debt financings, and this offering:

Sources of Funds	Amount (In millions)
First-lien term loan facility[(1)]	$ 750.0
Revolving credit facility[(2)]	0.0
Exercise of stock options[(3)]	7.4
Common stock offered hereby[(4)]	310.0
Total	$ 1,067.4

Uses of Funds	Amount (In millions)
Purchase price for Keystone, net of cancellation of shares owned by LKQ	$ 799.3
Working capital and repayment of LKQ's anticipated debt[(5)]	224.0
Estimated transaction fees and expenses[(6)]	44.1
Total	$ 1,067.4

(1) The commitment letter provides for borrowings of up to $840 million under the first-lien term loan facility; however, we expect to borrow only $750 million under this facility assuming the completion of this offering. The commitment letter provides for a second-lien term loan facility with available borrowings of up to $150 million; however, we do not expect to enter into this facility assuming the completion of this offering.

(2) The commitment letter provides for borrowings up to $100 million under the revolving credit facility, although no more than $34 million of such facility may be used to finance the Keystone Acquisition and the related transactions.

(3) In connection with this offering, two selling stockholders intend to exercise stock options to purchase an aggregate of 500,000 shares of our common stock, which shares will be sold by them in this offering. This amount represents the exercise prices to be paid to us by the selling stockholders and the tax benefits to us as a result of the exercise.

(4) Does not reflect the underwriting discount and expenses payable by us in connection with this offering. If the underwriters exercise their over-allotment option in full in connection with this offering, we will receive an estimated additional $53.4 million in net proceeds. We expect to use the additional net proceeds to reduce the amount borrowed under the revolving credit facility and for general corporate purposes.

(5) Indebtedness and letters of credit outstanding under our existing credit facility as of September 19, 2007 totaled $151.9 million.

(6) Includes the underwriting discounts and other estimated expenses incurred in connection with the Keystone Acquisition, the debt financing, and this offering.

We have obtained a $1.09 billion senior secured financing commitment from affiliates of Deutsche Bank Securities Inc. and Lehman Brothers Inc., subject to customary conditions. This commitment is for a first-lien and a second-lien credit facility. We do not anticipate entering into a second-lien credit facility (assuming completion of this offering) but do anticipate entering into the first-lien credit facility, which will consist of a term loan facility and a revolving credit facility. We will have the ability to issue letters of credit and to incur swingline loans under the revolving credit facility. In addition, a portion of the credit facility will be available in Canadian dollars on terms to be agreed.

All of the obligations under the first-lien credit facility will be unconditionally guaranteed by each of our direct and indirect domestic subsidiaries (the "Guarantors"). Obligations under the first-lien credit facility, including the related guarantees, will be secured by a first priority security interest in all of (i) the stock, other equity interests and promissory notes owned by us and the Guarantors, provided that not more than 65% of the total outstanding voting stock of any direct or indirect non-U.S. subsidiary of ours which is a "controlled foreign corporation" shall be required to be pledged, and (ii) the other tangible and intangible assets owned by us and the Guarantors, including, without limitation, receivables, cash and securities deposit accounts, contract rights, securities, patents, trademarks, other intellectual property, inventory, equipment, and real estate, but excluding immaterial owned real property and motor vehicles.

Amounts under the first-lien term loan facility will be due and payable in quarterly installments equal to 0.25% of the initial aggregate principal amount during the first six and three-fourths years, with the balance payable in full in year seven. Amounts under the revolving credit facility will be due and payable in full in year six. We will also be required to prepay the first-lien term loan facility upon the sale of certain assets, upon the incurrence of certain debt, upon receipt of certain insurance and condemnation proceeds, and with up to 50%

of our excess cash flow (subject, in the case of excess cash flow, to step-downs based on our total leverage ratio).

Indebtedness under the first-lien credit facility will bear interest, at our option, at (i) a base rate (the higher of (x) the rate that the Administrative Agent (which will be Lehman Commercial Paper Inc.) (the "Administrative Agent") announces from time to time as its prime lending rate, as in effect from time to time, and (y) 1/2 of 1% in excess of the overnight federal funds rate) plus an applicable margin currently expected to be 1.00% per annum, or (ii) a Eurodollar rate as determined by the Administrative Agent for the respective interest period plus an applicable margin currently expected to be 2.00% per annum, except that indebtedness in respect of swingline loans shall bear interest only at the rate referred to in clause (i). The interest rates could, under certain circumstances, increase from between 0.25% to 0.75%. The applicable margin for loans under the revolving credit facility will be subject to quarterly step-downs based upon our total leverage ratio and the interest rate option we choose. Interest will be payable quarterly in arrears, except that interest calculated under clause (ii) will be payable in arrears on the last day of the relevant interest period and, for any interest period longer than three months, quarterly. Any default on the payment of principal, interest, or other overdue amounts shall bear interest at 2% above the rate otherwise applicable (or, if there is no applicable rate, at 2% above the rate referred to in clause (i) above). All overdue amounts shall be payable on demand.

Our first-lien credit facility agreement will contain customary representations and warranties, and will contain customary covenants that restrict our ability to, among other things (i) incur liens, (ii) incur any indebtedness (including guarantees or other contingent obligations), (iii) engage in mergers and consolidations, (iv) engage in sales, transfers, and other dispositions of property and assets (including sale-leaseback transactions), (v) make loans, acquisitions, joint ventures, and other investments, (vi) make dividends and other distributions to, and redemptions and repurchases from, equity holders, (vii) prepay, redeem, or repurchase certain debt, (viii) make changes in the nature of our business, (ix) amend our organizational documents, or amend or otherwise modify certain of our debt documents, (x) change our fiscal quarter and fiscal year ends, (xi) enter into transactions with our affiliates, (xii) make dividends, loans, and other transfers by our subsidiaries, and (xiii) issue certain equity interests. Our first-lien credit facility will also require us to comply with certain financial and affirmative covenants, including, without limitation, using the cash on hand of Keystone to repay outstanding loans under our revolving credit facility within five days of the closing date of the Keystone Acquisition.

Our first-lien credit facility agreement will contain events of default that will include, but may not be limited to, (i) our failure to pay principal when due or interest, fees, or other amounts after grace periods to be mutually agreed upon, (ii) covenant defaults, (iii) our material breach of any representation or warranty, (iv) cross defaults to certain other indebtedness, (v) bankruptcy, insolvency, or other similar proceedings, (vi) our inability to pay debts, (vii) monetary judgment defaults over an amount to be mutually agreed upon and material nonmonetary judgment defaults, (viii) customary ERISA and environmental defaults, (ix) actual or asserted invalidity of any material provision of the loan documentation or impairment of a portion of the collateral to be agreed upon, and (x) a change of control.

The closing of this offering is not conditioned on the closing of the debt financing or the Keystone Acquisition, and we expect to close this offering prior to completing either the debt financing or the Keystone Acquisition. The debt financing commitments will expire if the Keystone Acquisition is not consummated and a definitive credit agreement with lenders is not reached by January 16, 2008. The facilities contemplated by the debt financing commitments are subject to customary closing conditions, including:

- the consummation of the Keystone Acquisition;
- the absence of a material adverse change with respect to Keystone, to the extent that change constitutes a "Company Material Adverse Effect" as defined in the Merger Agreement;
- the execution of definitive credit documentation consistent with the term sheets for the debt facilities;

- the absence of any amendments or waivers to the Merger Agreement to the extent material and adverse to the lenders, which have not been approved by the lead arrangers for the debt financing;
- the receipt of specified financial statements of Keystone; and
- receipt of customary closing documents.

Although the debt financing described in this prospectus supplement is not subject to lenders' due diligence or to a "market out," that financing might not be funded on the closing date because of failure to meet the closing conditions or for other reasons. No alternative financing arrangements or alternative financing plans have been made in the event the debt financing described herein is not available as anticipated. The documentation governing the debt financing facilities has not been finalized, and accordingly, the actual terms may differ from those described in this prospectus supplement.

Our Corporate Information

We were incorporated in Delaware in February 1998. Our principal executive headquarters are located at 120 North LaSalle Street, Suite 3300, Chicago, Illinois 60602. Our telephone number is 312-621-1950. Our website address is www.lkqcorp.com. The information found on our website is not a part of this prospectus supplement.

Risk Factors

An investment in the common stock offered hereby involves a high degree of risk. See the "Risk Factors" section in this prospectus supplement.

THE OFFERING

Common stock offered by us	10,000,000 shares (excluding up to 1,800,000 shares that may be issued by us upon exercise of the underwriters' over-allotment option)
Common stock offered by selling stockholders	2,000,000 shares
Total shares	12,000,000 shares
Common stock to be outstanding after this offering(1)	64,477,829 shares. If the underwriters exercise their over-allotment option in full, we will issue an additional 1,800,000 shares, which will result in 66,277,829 shares outstanding.
Use of proceeds	We estimate that the net proceeds we receive from this offering will be approximately $298.4 million, or approximately $351.9 million if the underwriters exercise their over-allotment option in full. We intend to use the net proceeds to us from this offering, along with the proceeds from the debt financing, to finance the Keystone Acquisition, to repay our indebtedness, and to pay fees and expenses associated with the transactions. See "Prospectus Supplement Summary The Financing Transaction" and "Use of Proceeds" in this prospectus supplement. We will not receive any of the proceeds from the shares of common stock sold by the selling stockholders. We intend to use for general corporate purposes the proceeds from the exercise of options to purchase 500,000 shares of our common stock by certain members of management.
Dividend policy	We have not paid or declared any dividends on our common stock and currently intend to retain earnings to repay debt and to fund our working capital needs and growth opportunities. Our current credit facility includes, and the credit facility we expect to enter into in connection with the Keystone Acquisition will include, provisions that limit our payment of dividends on our common stock.
NASDAQ trading symbol	LKQX

(1) The number of shares of our common stock outstanding after the offering set forth above is based on 53,977,829 shares of common stock outstanding as of September 19, 2007 and includes the 10,000,000 shares to be sold by us in this offering and the 500,000 shares to be issued upon exercise of options to purchase our common stock by certain members of our management. The number of shares outstanding after this offering does not include an aggregate of 15,000,000 shares of common stock reserved for issuance under our equity compensation plans, of which options to purchase 6,787,319 shares (excluding the 500,000 shares relating to options to be exercised as part of this offering) were outstanding as of September 19, 2007 at a weighted average exercise price of $9.18 per share.

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL AND OTHER INFORMATION OF LKQ

The following summary historical consolidated financial and other information for each of the years in the three-year period ended December 31, 2006 is derived from our audited consolidated financial statements. The following summary historical consolidated financial and other information as of June 30, 2007 and 2006, and for the six months ended June 30, 2007 and 2006, is derived from our unaudited interim consolidated condensed financial statements. Our interim financial statements were prepared on a consistent basis with our annual financial statements and contain all adjustments necessary for a fair presentation of the interim period. The results for an interim period are not necessarily indicative of our results for a full year.

The table below sets forth unaudited pro forma financial information after giving effect to this offering, the Keystone Acquisition, and the related debt financing transaction. The unaudited pro forma condensed combined statements of income for the six months ended June 30, 2007 combine the historical results of LKQ for the six month period ended June 30, 2007 and Keystone for the six month-period ended June 29, 2007 (fiscal fourth quarter ended March 30, 2007 combined with fiscal first quarter ended June 29, 2007). The unaudited pro forma condensed combined statements of income for the year ended December 31, 2006 combine the historical results of LKQ and Keystone for the fiscal years ended December 31, 2006 and March 30, 2007, respectively. The unaudited pro forma condensed combined statements of income for all periods presented give effect to the Keystone Acquisition as if it had occurred on January 1, 2006.

This information is only a summary and should be read together with "Unaudited Pro Forma Condensed Combined Financial Statements" and the historical financial statements, the related notes, and other financial information included or incorporated by reference in this prospectus supplement.

(In thousands, except per share data)

	Year Ended December 31,			Six Months Ended June 30,		Pro Forma	
	2004	2005	2006	2006	2007	Year Ended December 31, 2006	Six Months Ended June 30, 2007
Statements of Income Data:							
Revenue	$ 424,756	$ 547,392	$ 789,381	$ 387,176	$ 468,596	$ 1,501,554	$ 847,655
Cost of goods sold	227,140	289,788	431,832	210,649	256,417	825,388	463,559
Gross margin	197,616	257,604	357,549	176,527	212,179	676,166	384,096
Operating income	34,907	52,942	77,166	40,943	53,904	121,072	80,715
Other (income) expense							
Interest, net	1,505	1,887	5,824	2,290	3,826	56,307	29,151
Other, net	(455)	(628)	(1,479)	(933)	(675)	(4,415)	(3,153)
Income before provision for income taxes	33,857	51,683	72,821	39,586	50,753	69,180	54,717
Provision for income taxes	13,284	20,796	28,426	15,840	20,943	27,022	22,523
Net income	$ 20,573	$ 30,887	$ 44,395	$ 23,746	$ 29,810	$ 42,158	$ 32,194
Earnings per share:							
Basic	$ 0.51	$ 0.70	$ 0.84	$ 0.45	$ 0.56	$ 0.67	$ 0.50
Diluted	0.46	0.63	0.80	0.43	0.53	0.64	0.48
Shares used in per share calculation basic(a)	40,105	44,019	52,827	52,434	53,420	63,327	63,920
Shares used in per share calculation diluted(a)	44,827	48,715	55,817	55,595	56,123	66,083	66,385
Other Financial Data:							
Net cash provided by operating activities	$ 25,901	$ 37,533	$ 52,381	$ 13,061	$ 13,439		
Net cash used in investing activities	(87,823)	(126,022)	(110,657)	(73,943)	(48,230)		
Net cash provided by financing activities	47,452	90,050	59,134	61,916	39,614		
Capital expenditures(b)	93,025	136,342	116,844	78,758	44,073		
Depreciation and amortization	6,872	8,574	12,086	5,629	7,056	$ 26,042	$ 14,568
EBITDA(c)	42,234	62,144	90,731	47,505	61,635	151,529	98,436
Balance Sheet Data (at period end):							
Total assets	$ 288,275	$ 439,426	$ 564,355	$ 537,392	$ 646,069		$ 1,663,976
Working capital	77,879	103,776	122,420	131,951	160,268		437,921
Long-term obligations, including current portion	50,262	47,477	100,447	107,469	138,707		762,514
Stockholders' equity	204,071	341,220	401,202	374,131	437,290		737,823

(a) We sold 6,435,000 shares of our common stock on October 4, 2005 in connection with a follow-on public offering. Accordingly, the shares used in the per share calculation for basic and diluted earnings per share in 2005 do not fully reflect the impact of this transaction.

(b) Includes acquisitions and non-cash property additions.

(c) EBITDA consists of income before provision for income taxes plus depreciation and amortization, interest expense, less interest income. We have presented EBITDA information solely as a supplemental disclosure because we believe it provides a helpful analysis of our operating results. EBITDA should not be construed as an alternative to operating income, net income or net cash provided by operating activities, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report EBITDA information calculate EBITDA in the same manner as we do and, accordingly, our calculation is not necessarily comparable to similarly named measures of other companies and may not be an appropriate measure for performance relative to other companies.

The following table reconciles EBITDA to net income:

Pro Forma

(In thousands)

	Year Ended December 31,			Six Months Ended June 30,		Pro Forma	
	2004	2005	2006	2006	2007	Year Ended December 31, 2006	Six Months Ended June 30, 2007
Net income	$ 20,573	$ 30,887	$ 44,395	$ 23,746	$ 29,810	$ 42,158	$ 32,194
Depreciation and amortization	6,872	8,574	12,086	5,629	7,056	26,042	14,568
Interest, net	1,505	1,887	5,824	2,290	3,826	56,307	29,151
Provision for income taxes	13,284	20,796	28,426	15,840	20,943	27,022	22,523
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 42,234	$ 62,144	$ 90,731	$ 47,505	$ 61,635	$ 151,529	$ 98,436

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the following risk factors, along with other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, in deciding whether to invest in our common stock. These factors, among others, may cause actual results, events, or performance to differ materially from those expressed in any forward-looking statements we make in this prospectus supplement and the accompanying prospectus, resulting in a decline in the market price of our common stock and a loss of all or part of your investment.

Risks Relating to Our Business

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

The light vehicle replacement products industry is highly competitive and is served by numerous suppliers of OEM products, recycled OEM products, aftermarket products, and refurbished products. Within each of these categories of suppliers, there are local owner-operated companies, larger regional suppliers, national providers, and internet-based suppliers. Providers of light vehicle replacement products that have traditionally sold only certain categories of such products may decide to expand their product offerings into other categories of light 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. In certain regions of the U.S., local light vehicle recycling companies have formed cooperative efforts to compete in the recycled OEM products 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.

Challenges to the validity of aftermarket products by OEMs could adversely affect our business.

Original equipment manufacturers have attempted to use claims of intellectual property infringement against manufacturers and distributors of aftermarket products to restrict or eliminate the sale of aftermarket products that are the subject of the claims. The original equipment manufacturers have brought such claims in federal court and with the United States International Trade Commission.

In December 2005, Ford Global Technologies, LLC initiated a complaint with the International Trade Commission against six companies, including Keystone, alleging that certain aftermarket parts imported into the United States infringed on 14 design patents held by Ford Global. We were not named in the complaint, although the outcome would affect all persons and entities that import or distribute the parts, including us. In December 2006, an administrative law judge of the International Trade Commission preliminarily ruled that seven of the Ford Global design patents were valid and that the importation of automotive parts covered by these seven patents violated Section 337 of the Tariff Act of 1930. The International Trade Commission affirmed the ruling of the administrative law judge and issued an order prohibiting further importation of automotive parts covered by the patents. The parties to the action have appealed the decision to the United States Circuit Court of Appeals for the Federal Circuit.

To the extent that the original equipment manufacturers are successful with intellectual property infringement claims, we could be restricted or prohibited from selling certain aftermarket products which could have an adverse effect on our business. We would likely incur significant expenses defending intellectual property infringement claims if we become directly involved by being named as a defendant or through the pending Keystone Acquisition. Even if we are not directly involved in any such claims, written allegations that we are infringing another party's intellectual property rights could involve significant expense to investigate. In addition, an unexpected result of the intellectual property infringement litigation is that the Certified Automotive Parts Association, or CAPA, is decertifying parts that are the subject of the claims. Lack of CAPA certification may negatively impact us because many major insurance companies recommend or require the use of CAPA certified parts.

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

Most of our salvage inventory is obtained from vehicles offered at salvage auctions by several companies that own auction facilities in numerous locations across the U.S. We do not have contracts with any auction company. According to industry analysts, two companies control over 65% of the salvage auction market in the U.S. In some localities, the automotive auction business may be even more highly concentrated. If an auction company prohibited us from participating in its auctions, 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 are facing increased competition in the purchase of salvage vehicles from shredders and scrap recyclers, internet-based buyers, and others. This increase in the number of bidders may increase our cost of goods sold for recycled OEM products.

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

In addition, we purchase aftermarket parts primarily from foreign manufacturers in Taiwan. In the event that our business relationships with these suppliers deteriorated or terminated, or in the event that the importing of products into the U.S. from Taiwan or the exporting of products by Taiwan to the U.S. was disrupted, our business could be adversely affected through higher costs or the resulting inability to service our customers.

If our business relationships with insurance companies end, we may lose important sales opportunities.

We rely on business relationships with several insurance companies. These insurance companies encourage vehicle repair facilities to use products we provide. Our arrangements with these companies may be terminated at any time. 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 parts to repair damaged vehicles when use of such parts 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 parts and the alleged inferiority of those parts. 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 on the part of State Farm. The U.S. Supreme Court declined to hear an appeal of this case. As a result of this case, some insurance companies had reduced or eliminated their use of aftermarket products. Our financial results could be affected, perhaps adversely, if insurance companies modified or terminated the arrangements pursuant to which repair shops buy aftermarket or recycled OEM products from us due to a fear of similar claims with respect to such products.

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

Some jurisdictions have enacted laws prohibiting or severely restricting the sale of certain recycled OEM 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 OEM products. Restrictions on the products we are able to sell 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 light vehicle replacement products. 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.

Fluctuations in the prices of scrap metals could adversely affect our financial results.

Our wholesale recycled OEM operations generate scrap metal that we sell. Since 2004, we have operated self-service retail recycled OEM operations, and we have increased our participation in this business over the last three years. The self-service retail recycled OEM business generates a larger percentage of its revenue from sales of scrap metal than our wholesale business. As a result, the percentage of our total revenue from sales of scrap metal has increased over this time period. The prices of scrap metal have historically fluctuated due to market factors, sometimes significantly. To the extent the prices of scrap metal decrease materially, our revenue from such sales will suffer. The cost of our self-service inventory purchases may also decrease as a result of falling scrap metal prices, but there can be no assurance that our inventory purchasing cost will decrease the same amount or at the same rate as the scrap metal prices and there may be a delay between the scrap metal price reductions and any inventory cost reductions.

If we determine that our goodwill has 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 future acquisitions. Goodwill and intangible assets are reviewed at least annually for impairment. Impairment may result from, among other things, deterioration in the performance of acquired businesses, adverse market conditions, and adverse changes in applicable laws or regulations, including changes that restrict the activities of the acquired business. As of June 30, 2007, our total goodwill, subject to future impairment testing, was approximately $263.5 million. In addition, we expect to have a substantial increase to goodwill as a result of the Keystone Acquisition.

If the number of vehicles involved in accidents declines, our business could suffer.

Because our business depends on vehicle accidents for both the supply of recycled OEM products and the demand for repairs using our products, factors which influence the number and/or severity of accidents, including, but not limited to, the number of vehicles on the road, the number of miles driven, the ages of drivers, the use of cellular telephones and other electronic equipment by drivers, the congestion of traffic, the occurrence and severity of certain weather conditions, the use of alcohol and drugs by drivers, and the condition of roadways, impact our business. In this regard, a number of states and municipalities have adopted, or are considering adopting, legislation banning the use of handheld cellular telephones while driving and such restrictions could lead to a decline in accidents. Moreover, an increase in fuel prices may cause the number of vehicles on the road to decline as motorists seek alternative transportation options and this also could lead to a decline in accidents.

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 often resist the establishment of a vehicle recycling 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 in critical areas of our operations and a disruption relating to such technology could harm our business.

We use information technology systems owned by other companies for management of our facilities and our financial functions. In the event that the providers of these systems terminate their relationships with us, 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.

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, 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;
- the 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.

If customers of repair shops that purchase our products are injured or suffer property damage, we could be subject to product liability claims. The successful assertion of this type of claim could have an adverse effect on our business or financial condition.

We may not be able to successfully acquire new operations or integrate future 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. 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;
- 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 risks and liabilities as a result of our acquisitions, some of which we may not have discovered during our due diligence;
- our ongoing business may be disrupted or receive insufficient management attention; and
- we may not be able to realize the cost savings or other financial benefits we anticipated.

In connection with future acquisitions, we may assume the liabilities of the companies we acquire. These liabilities, including liabilities for environmental-related costs, could materially and adversely affect our business. We may have to 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 credit facility imposes certain operating and financial restrictions on us and our subsidiaries and requires us to meet certain financial tests.

Our credit facility contains certain operating and financial restrictions that limit or prohibit us from engaging in certain transactions, including the following:

- incurring or guarantying additional debt;

paying dividends or other distributions to our stockholders or redeeming, repurchasing, or retiring our capital stock or subordinated obligations;

- making investments and capital expenditures;
- creating liens on our assets;
- selling, transferring, leasing, licensing, or otherwise disposing of assets other than in the ordinary course of business;
- engaging in transactions with stockholders and affiliates;
- engaging in mergers, consolidations, or acquisitions;
- engaging in any material line of business substantially different from, and unrelated to, those lines of business currently carried on by us; and
- making changes to our equity capital structure or amending our certificate of incorporation, bylaws, or any stockholder rights agreement.

The credit facility also requires that we satisfy certain financial tests. The failure to comply with any of these covenants would cause a default under the credit facility. 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 facility or it may not be on terms that are acceptable to us.

Our future capital needs may require that we seek debt financing or additional equity funding that, if not available, could cause our business to suffer.

We may need to raise additional funds in the future to, among other things, 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. 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 further limitations on our operations. If we fail to raise capital when needed, our business will be negatively affected.

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, the following:

- fluctuations in the pricing of new OEM replacement products;
- the availability and cost of inventory;
- variations in vehicle accident rates;
- competition in the vehicle replacement parts industry;
- 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;

our ability to integrate and manage our acquisitions successfully;

fluctuations in fuel prices;

changes in the demand for our products and the supply of our inventory due to severity of weather and seasonality of weather patterns;

the amount and timing of operating costs and capital expenditures relating to the maintenance and expansion of our business, operations, and infrastructure; and

declines in the values of our assets.

Due to the foregoing factors, our operating results in future periods can be expected to fluctuate. 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 to decline.

Proposed regulations under the National Stolen Passenger Motor Vehicle Information System could harm our business.

In 1992, Congress enacted the Anti Car Theft Act to deter trafficking in stolen vehicles. This law included the establishment of the National Stolen Passenger Motor Vehicle Information System to track and monitor stolen automotive parts. In April 2002, the Department of Justice published for comment proposed regulations to implement this system. The proposed regulations require, among other things, that insurance companies, salvagers, dismantlers, recyclers, and repairers inspect salvage vehicles for the purpose of collecting the vehicle identification number and the part number for any covered major part that possesses the vehicle identification number. The requirement to collect this information would place burdens and costs on us that otherwise would not normally exist, and could discourage our customers from purchasing our products if the proposed regulations are adopted.

Risks Relating to The Keystone Acquisition

The proposed Keystone Acquisition is subject to closing conditions and financing obligations, and is the subject of lawsuits that could result in the Keystone Acquisition not being completed.

The proposed Keystone Acquisition is subject to customary closing conditions, including approval by the shareholders of Keystone. Many of the conditions to the closing of the Keystone Acquisition are outside of our control. If any of the closing conditions is not satisfied (or waived, if permissible), the Keystone Acquisition will not be completed. In addition, we generally are not permitted to terminate the Keystone Acquisition if we are not able to obtain financing to fund the purchase price of that transaction, even if the lenders breach their existing financing commitment. Furthermore, two lawsuits have been filed challenging the Keystone Acquisition. These lawsuits could result in the Keystone Acquisition not being completed or could result in a delay in the completion of the Keystone Acquisition.

If we do not complete the Keystone Acquisition, the price of our common stock may decline. We will also be obligated to pay fees and expenses we have incurred in connection with the Keystone Acquisition, whether or not the Keystone Acquisition is completed. In addition, we have expended, and will continue to expend, significant management resources in an effort to complete the Keystone Acquisition. If the Keystone Acquisition is not completed due to our inability to obtain the necessary financing, in certain circumstances we could be subject to material damages for breaching the Keystone Merger Agreement. Further, if the Merger Agreement is terminated under specified circumstances, we may be required to pay a termination fee of $30.0 million to Keystone plus certain expenses.

We may not be able to successfully integrate Keystone's business and such integration may cause us to incur unanticipated costs.

Assuming the Keystone Acquisition is completed, we may experience difficulty integrating Keystone's personnel and operations with our own. Even though we have acquired other businesses, the Keystone

Acquisition will be the largest acquisition we have undertaken. The magnitude of the Keystone Acquisition may present significant integration challenges, including with respect to systems consolidation. In addition, the costs of such integration may be significantly higher than we have anticipated. The successful integration of Keystone's business with our own will require substantial attention from our management and employees which may decrease the time they devote to normal and customary operating, selling and administrative functions. If we are unable to successfully integrate Keystone's business within a reasonable period of time, we may not be able to realize the potential benefits anticipated from the Keystone Acquisition. Our financial results could be adversely affected if we do not successfully integrate Keystone's business.

Furthermore, even if we are able to successfully integrate Keystone's business with our own, we may not be able to realize the cost savings, synergies and revenue enhancements that we anticipate from the Keystone Acquisition, either in the amount or in the time frame that we expect.

We may not be able to maintain Keystone's or our vendor and key customer relationships nor be able to retain key employees of Keystone.

Assuming the Keystone Acquisition is completed, our combination with Keystone may cause vendors and key customers to discontinue business with the combined company, which may negatively affect our operating results. Additionally, there can be no assurance that key employees of Keystone will remain with the combined company. If we lose the services of any of these key employees, we may not be able to replace them with similarly qualified personnel, which could harm our business.

Financing the Keystone Acquisition will substantially increase our leverage and will involve restrictions on our business.

We received a senior secured financing commitment from Deutsche Bank and Lehman Brothers to finance the proposed Keystone Acquisition and to refinance existing debt, which commitment is subject to customary closing conditions. After completion of the Keystone Acquisition and after taking into account this offering, we expect our total outstanding indebtedness (including bank financing, letters of credit, and notes payable in connection with acquisitions) to increase from approximately $164.4 million to approximately $779.0 million. The increase in our indebtedness may reduce our flexibility to respond to changing business and economic conditions or to fund capital expenditure or working capital needs because we will require additional funds to service our indebtedness.

In addition, if the Keystone Acquisition is completed and we borrow under the new facility, the credit agreement will contain operating and financial restrictions and will require that we satisfy certain financial tests, which we believe will generally be at least as restrictive, and possibly more restrictive, than those under our existing credit facility. The failure to comply with any of these covenants would cause a default under the credit facility. 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 then existing credit facility or it may not be on terms that are acceptable to us.

Keystone's business may have liabilities that are not known by us.

As a result of the Keystone Acquisition, we will assume Keystone's liabilities. There may be liabilities that we failed, or were unable, to discover in the course of performing due diligence investigations of Keystone. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business. After the Keystone Acquisition we may learn additional information about Keystone's business that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws.

The historical and pro forma financial information included or incorporated by reference in this prospectus supplement may not be representative of our results as a combined company.

We and Keystone have been operating as separate companies prior to the Keystone Acquisition. We have had no prior history as a combined entity, and our operations have not previously been managed on a combined basis. Preparing the pro forma financial information contained in this prospectus supplement involved making several assumptions, including the allocation of the purchase price to tangible and intangible assets and assumed liabilities. These assumptions may prove to be inaccurate, and the allocation of the purchase price is only preliminary and could change materially. Therefore, the historical and pro forma financial statements presented (or incorporated by reference) in this prospectus supplement may not reflect what our results of operations, financial position or cash flows would have been had we operated on a combined basis and may not be indicative of what our results of operations, financial position or cash flows will be in the future.

Risks Relating to Our Common Stock

Our executive officers, directors, and their affiliates hold a large percentage of our stock and their interests may differ from other stockholders.

As of August 31, 2007, our executive officers, directors, and their affiliates, in the aggregate, beneficially owned approximately 20% of our common stock. If they were to act together, these stockholders would have significant influence over most matters requiring approval by stockholders, including the election of directors, any amendments to our certificate of incorporation, and certain significant corporate transactions. These stockholders may take these actions even if they are opposed by our other stockholders. In addition, without the consent of these stockholders, we could be delayed or prevented from entering into transactions that may be viewed as beneficial to us or our other stockholders.

Future sales of our common stock may depress our stock price.

We and our stockholders may sell shares of common stock in the future. We may also issue shares of common stock in connection with the exercise of outstanding options or in connection with future acquisitions. Certain of our existing stockholders are parties to a registration rights agreement that provides such holders with the right to require us to effect the registration of their shares of common stock in specific circumstances. In addition, if we propose to register any of our common stock under the Securities Act, whether for our own account or otherwise, some existing stockholders may be entitled to include their shares of common stock in that registration. We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the price of our common stock. Sales of substantial amounts of common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may cause the price of our common stock to fall.

Delaware law and our charter 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 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 incorporation under Delaware law and these provisions could also impede an acquisition, takeover, or other business combination involving us or discourage a potential acquiror from making a tender offer for our common stock, which, under certain circumstances, could reduce the price of our common stock.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the 10,000,000 shares of common stock we are offering by this prospective supplement will be approximately $296.8 million, after deducting underwriting discounts and commissions and before the estimated offering expenses payable by us. We will not receive any proceeds from the sale of the shares of our common stock in this offering by the selling stockholders.

We intend to use the proceeds we receive from this offering to finance in part the Keystone Acquisition and to pay the fees and expenses of that acquisition, and we expect that we will not enter into the new $150 million second-lien term loan facility and that we will reduce our expected borrowings to $750 million under the $840 million first-lien term loan facility, both as described under "Prospectus Supplement Summary The Financing Transaction" in this prospectus supplement.

If we do not successfully complete the Keystone Acquisition, we intend to use the proceeds we receive from this offering to repay our outstanding debt and letters of credit under our existing credit facility of approximately $151.9 million as of September 19, 2007, to fund future acquisitions of other businesses, and for general corporate purposes.

The following table sets forth the estimated sources and uses of funds relating to the Keystone Acquisition, the debt financings, and this offering:

Sources of Funds	Amount	Uses of Funds	Amount
	(In millions)		(In millions)
First-lien term loan facility[(1)]	$ 750.0	Purchase price for Keystone, net of cancellation of shares owned by LKQ	$ 799.3
Revolving credit facility[(2)]	0.0	Working capital and repayment of LKQ's anticipated debt[(5)]	224.0
Exercise of stock options[(3)]	7.4	Estimated transaction fees and expenses[(6)]	44.1
Common stock offered hereby[(4)]	310.0		
Total	$ 1,067.4	Total	$ 1,067.4

(1) The commitment letter provides for borrowings of up to $840 million under the first-lien term loan facility; however, we expect to borrow only $750 million under this facility assuming the completion of this offering. The commitment letter provides for a second-lien term loan facility with available borrowings of up to $150 million; however, we do not expect to enter into this facility assuming the completion of this offering.

(2) The commitment letter provides for borrowings up to $100 million under the revolving credit facility, although no more than $34 million of such facility may be used to finance the Keystone Acquisition and the related transactions.

(3) In connection with this offering, two selling stockholders intend to exercise stock options to purchase an aggregate of 500,000 shares of our common stock, which shares will be sold by them in this offering. This amount represents the exercise prices to be paid to us by the selling stockholders and the tax benefits to us a result of the exercise.

(4) Does not reflect the underwriting discount and expenses payable by us in connection with this offering. If the underwriters exercise their over-allotment option in full in connection with this offering, we will receive an estimated additional $53.4 million in net proceeds. We expect to use the additional net proceeds to reduce the amount borrowed under the revolving credit facility.

(5) Indebtedness and letters of credit outstanding under our existing credit facility as of September 19, 2007 totaled $151.9 million.

(6) Includes the underwriting discounts and other estimated expenses incurred in connection with the Keystone Acquisition, the debt financing, and this offering.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2007:

- on an actual basis; and
- on a pro forma basis to give effect to the Keystone Acquisition, the related debt financing, and this offering.

You should read this table together with "Unaudited Pro Forma Summary Selected Condensed Combined Financial Statements," "Selected Consolidated Financial and Other Information of LKQ," "Selected Consolidated Financial Data of Keystone" and the other information included or incorporated by reference in this prospectus supplement and in the accompanying prospectus.

	As of June 30, 2007	
	Actual	Pro Forma
	(In thousands)	
Cash, cash equivalents, and marketable securities	$ 8,854	$ 122,440
Long-term debt, including current portion[(1)]:		
Revolving loan	126,193	
Term loan		750,000
Other	12,514	12,514
Total long-term debt, including current portion[(1)]	138,707	762,514
Stockholders' equity:		
Common stock, $0.01 par value per share; 500,000,000 shares authorized; 53,631,660 shares issued at June 30, 2007 and 64,131,660 shares issued pro forma	536	641
Additional paid-in capital	328,597	631,756
Retained earnings	105,948	105,498
Accumulated other comprehensive income (loss)	2,209	(72)
Total stockholders' equity	437,290	737,823
Total capitalization	$ 575,997	$ 1,500,337

(1) Upon the closing of the Keystone Acquisition, the new senior secured credit facility will replace our existing credit facility. As of June 30, 2007, $126.2 million was outstanding under our existing credit facility. The weighted average interest rate on our existing credit facility as of June 30, 2007 was 6.44%. As of September 19, 2007, indebtedness and letters of credit outstanding under our existing credit facility totaled $151.9 million. In connection with the repayment of indebtedness under our existing credit facility, we expect to incur a non-cash charge of $0.3 million, net of tax, in the fourth quarter of 2007.

PRICE RANGE OF COMMON STOCK

Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "LKQX." At August 31, 2007, there were approximately 63 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
2005		
First Quarter	$ 10.09	$ 8.25
Second Quarter	14.03	9.45
Third Quarter	16.15	12.90
Fourth Quarter	17.83	14.00
2006		
First Quarter	23.08	17.44
Second Quarter	23.64	17.84
Third Quarter	23.40	18.18
Fourth Quarter	25.49	20.40
2007		
First Quarter	23.01	19.85
Second Quarter	26.06	21.59
Third Quarter (through September 19, 2007)	35.58	24.24

The last reported sale price for our common stock on NASDAQ on September 19, 2007 was $32.71 per share.

DIVIDEND POLICY

We have not paid any 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 dividends in the foreseeable future. In addition, our current credit facility contains, and the credit facilities we expect to enter into in connection with the Keystone Acquisition, will contain, financial covenants and limitations on payment of any cash dividends or other distributions of assets.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined balance sheet combines the unaudited condensed balance sheets of LKQ Corporation as of June 30, 2007 and of Keystone Automotive Industries, Inc. as of June 29, 2007, and gives effect to the Keystone Acquisition as if it had been completed on June 30, 2007. The unaudited pro forma condensed combined statements of income for the six months ended June 30, 2007 combine the historical results of LKQ for the six-month period ended June 30, 2007 and of Keystone for the six-month period ended June 29, 2007 (fiscal fourth quarter ended March 30, 2007 combined with fiscal first quarter ended June 29, 2007). The unaudited pro forma condensed combined statements of income for the year ended December 31, 2006 combine the historical results of LKQ and Keystone for the fiscal years ended December 31, 2006 and March 30, 2007, respectively. The unaudited pro forma condensed combined statements of income for all periods presented give effect to the Keystone Acquisition as if it had occurred on January 1, 2006.

The unaudited pro forma condensed combined financial statements presented are based on the assumptions and adjustments described in the accompanying notes. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes and do not purport to represent what the financial position or results of operations would actually have been if the Keystone Acquisition occurred as of the dates indicated or what such financial position or results would be for any future periods. The unaudited pro forma condensed combined financial statements are based upon the respective historical consolidated financial statements of LKQ and Keystone, and should be read in conjunction with:

- the accompanying notes to unaudited pro forma condensed combined financial statements;
- the separate historical financial statements of LKQ as of and for the six months ended June 30, 2007 included in LKQ's quarterly report on Form 10-Q for the six months ended June 30, 2007 and incorporated by reference into this prospectus supplement;
- the separate historical financial statements of LKQ as of and for the year ended December 31, 2006 included in LKQ's annual report on Form 10-K for the year ended December 31, 2006 and incorporated by reference into this prospectus supplement;
- the separate historical financial statements of Keystone as of and for the thirteen weeks ended June 29, 2007 included in LKQ's report on Form 8-K filed with the SEC on September 5, 2007 and incorporated by reference into this prospectus supplement;
- the separate historical financial statements of Keystone as of and for the year ended March 30, 2007 included in LKQ's report on Form 8-K filed with the SEC on September 5, 2007 and incorporated by reference into this prospectus supplement.

The unaudited pro forma condensed combined financial information was prepared using the purchase method of accounting. Based upon the terms of the Keystone Acquisition, LKQ is treated as the acquirer of Keystone. Accordingly, we have adjusted the historical consolidated financial information to give effect to the impact of the consideration issued in connection with the Keystone Acquisition. In the unaudited pro forma condensed combined balance sheet, LKQ's cost to acquire Keystone has been allocated to the assets acquired and liabilities assumed based upon LKQ management's preliminary estimate of their respective values as of the date of the Keystone Acquisition. Any differences between fair value of the consideration issued and the fair value of the assets and liabilities acquired will be recorded as goodwill. The amounts allocated to acquired assets and liabilities in the unaudited pro forma condensed combined financial statements are based upon management's preliminary internal valuation estimates. Definitive allocations will be performed and finalized based upon certain valuations and other studies that will be performed by LKQ with the services of outside valuation specialists after the closing of the Keystone Acquisition. Accordingly, the purchase price allocation adjustments and related amortization reflected in the following unaudited pro forma condensed combined financial statements are preliminary, have been made solely for the purpose of preparing these statements, and are subject to revision based on a final determination of fair value after closing of the Keystone Acquisition. For example, if the value of the definite-lived intangible assets increased by 10%, annual pro forma operating income would decrease by $0.4 million.

The unaudited pro forma condensed combined statements of income also include certain purchase accounting adjustments, including items expected to have a continuing impact on the combined results, such as increased amortization expense on acquired intangible assets.

The unaudited pro forma condensed combined statements of income do not include the impacts of any revenue, cost, or other operating synergies that may result from the Keystone Acquisition or any related restructuring costs. Key areas for benefits include purchasing efficiencies, warehousing and distribution savings, overhead reductions including those related to duplicative public company expenses, and working capital efficiencies. There will also be potential cross-selling opportunities and enhanced fulfillment rates.

The unaudited pro forma condensed combined financial statements do not reflect the impact of financing, liquidity or other balance sheet repositioning that may be undertaken subsequent to the Keystone Acquisition. The unaudited pro forma condensed combined financial statements do not reflect certain amounts resulting from the Keystone Acquisition because we consider them to be of a non-recurring nature. Such amounts will be comprised of charges for the sale of inventories revalued at the date of acquisition as well as restructuring and other exit and non-recurring costs related to the integration of the LKQ and Keystone businesses. To the extent the exit costs relate to the Keystone business and meet certain criteria, they will be recognized in the opening balance sheet in accordance with EITF Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." To the extent that such costs relate to the LKQ business, they will not meet the criteria in EITF Issue No. 95-3 and will be recorded as expenses pursuant to Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." LKQ and Keystone have just recently begun collecting information in order to formulate detailed integration plans to deliver planned synergies. However, at this time, the status of integration plans and the merger-related costs that are reflected in the following unaudited pro forma condensed combined balance sheet are preliminary, have been made solely for the purpose of preparing these statements, and are subject to revision after the closing of the Keystone Acquisition.

Based upon LKQ's review of Keystone's summary of significant policies disclosed in Keystone's financial statements, the nature and amount of any adjustments to the historical financial statements of Keystone to conform their accounting policies to those of LKQ are not expected to be significant. Upon consummation of the Keystone Acquisition, further review of Keystone's accounting policies and financial statements may result in required revisions to Keystone's policies and classifications to conform to LKQ's. Keystone will be required to adopt LKQ's reporting calendar. As a result, Keystone will change its fiscal year from a 52/53 week fiscal year to a calendar year basis upon the closing of the Keystone Acquisition.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2007
(In thousands, except share and per share data)

	Historical					
	June 30, 2007 LKQ	June 29, 2007 Keystone	Pro Forma Adjustments	LKQ Combined Pro Forma	Equity Financing Adjustments	As Adjusted
Assets						
Current Assets:						
Cash and equivalents	$ 8,854	$ 20,350	$ (11,936)(b)	$ 17,268	$ 105,172 (k)	$ 122,440
Receivables, net	54,143	60,090		114,233		114,233
Inventory	156,557	144,388	2,700 (d)	303,645		303,645
Deferred income taxes	3,172		11,564 (a) 6,800 (f)	21,536		21,536
Prepaid expenses	3,670	16,915	(11,564)(a) 2,340 (b)	11,361		11,361
Total Current Assets	226,396	241,743	(96)	468,043	105,172	573,215
Property and Equipment, net	140,557	39,076		179,633		179,633
Intangibles	263,573	44,123	(43,087)(c) 625,324 (e)	889,933		889,933
Other Assets	15,543	9,927	(4,291)(a) 14,110 (b) (9,894)(m) (450)(j)	24,945	(3,750)(k)	21,195
Total Assets	$ 646,069	$ 334,869	$ 581,616	$ 1,562,554	$ 101,422	$ 1,663,976
Liabilities and Stockholders' Equity						
Current Liabilities:						
Accounts payable	$ 17,714	$ 29,152	$	$ 46,866	$	$ 46,866
Accrued expenses	30,805					