ADESA COLORADO, LLC
Form S-1
April 21, 2009
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As filed with the Securities and Exchange Commission on April 20, 2009

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-1 Registration Statement and Post-Effective

Amendment No.2 to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

KAR Holdings, Inc.

And the Guarantor Registrants Listed in the Table Below

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	5010 (Primary Standard Industrial Classification Code Number)	20-8744739 (I.R.S. Employer Identification Number)

13085 Hamilton Crossing Boulevard

Carmel, Indiana 46032

(800) 923-3725

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Rebecca C. Polak, Esq.

Executive Vice President, General Counsel and Secretary

KAR Holdings, Inc.

13085 Hamilton Crossing Boulevard

Carmel, Indiana 46032 (800) 923-3725

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communication to:

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Four Times Square

New York, New York 10036

(212) 735-3000

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ¨ Accelerated filer ¨
Non-accelerated filer x Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Floating Rate Senior Notes Due 2014	(1)	(1)	(1)	(2)
8 3/4% Senior Notes Due 2014	(1)	(1)	(1)	(2)
10% Senior Subordinated Notes Due 2015	(1)	(1)	(1)	(2)
Guarantees of Floating Rate Senior Notes Due 2014	(1)	N/A	N/A	(3)
Guarantees of 8¾% Senior Notes Due 2014	(1)	N/A	N/A	(3)
Guarantees of 10% Senior Subordinated Notes Due 2015	(1)	N/A	N/A	(3)

(1) An indeterminate amount of securities are being registered hereby to be offered solely for market-making purposes by Goldman Sachs & Co.
(2) Pursuant to Rule 457(q) under the Securities Act of 1933, as amended, no filing fee is required.
(3) Pursuant to Securities Act Rule 457(n), no separate registration fee is payable with respect to the guarantees.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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TABLE OF ADDITIONAL REGISTRANTS

Name of Additional Registrant*	State or Other Jurisdiction of Incorporation or Formation	Primary Standard Industrial Classification Code Number	I.R.S Employer Identification Number
ADESA, Inc	Delaware	5010	35-1842546
ADESA Corporation, LLC	Indiana	5010	35-1842546
A.D.E. of Ark-La-Tex, Inc	Louisiana	5010	72-1417504
A.D.E. of Knoxville, LLC	Tennessee	5010	62-1532205
ADESA Ark-La-Tex, LLC	Louisiana	5010	72-1419175
ADESA Arkansas, LLC	Delaware	5010	71-0844203
ADESA Atlanta, LLC	New Jersey	5010	58-2563132
ADESA Birmingham, LLC	Alabama	5010	63-0980470
ADESA California, LLC	California	5010	91-1811682
ADESA Charlotte, LLC	North Carolina	5010	56-1853746
ADESA Colorado, LLC	Colorado	5010	84-1555543
ADESA Dealer Services, LLC	Indiana	5010	26-1218111
ADESA Des Moines, LLC	Iowa	5010	42-1486117
ADESA Florida, LLC	Florida	5010	35-1842547
ADESA Impact Texas, LLC	Texas	5010	20-5233403
ADESA Indianapolis, LLC	Indiana	5010	35-1915228
ADESA Lansing, LLC	Michigan	5010	38-3406149
ADESA Lexington, LLC	Kentucky	5010	61-1184881
ADESA Mexico, LLC	Indiana	5010	35-1842546
ADESA Minnesota, LLC	Minnesota	5010	26-2457765
ADESA Missouri, LLC	Missouri	5010	43-1811816
ADESA Missouri Redevelopment Corporation	Missouri	5010	26-3051093
ADESA New Jersey, LLC	New Jersey	5010	22-3339600
ADESA New York, LLC	New York	5010	16-1307133
ADESA Ohio, LLC	Ohio	5010	31-1334072
ADESA Oklahoma, LLC	Oklahoma	5010	73-1607773
ADESA Pennsylvania, LLC	Pennsylvania	5010	25-1801698
ADESA Phoenix, LLC	New Jersey	5010	86-1000467
ADESA San Diego, LLC	California	5010	41-2021208
ADESA South Florida, LLC	Indiana	5010	35-1930710
ADESA Southern Indiana, LLC	Indiana	5010	35-1929359
ADESA Texas, Inc	Texas	5010	74-2757736
ADESA Virginia, LLC	Virginia	5010	20-2751571
ADESA Washington, LLC	Washington	5010	91-2069348
ADESA Wisconsin, LLC	Wisconsin	5010	39-1846227
AFC Cal, LLC	California	5010	20-8709089
Asset Holdings III, L.P	Ohio	5010	13-4284567
Auto Dealers Exchange of Concord, LLC	Massachusetts	5010	04-3165540
Auto Dealers Exchange of Memphis, LLC	Tennessee	5010	62-1401166
Automotive Finance Consumer Division, LLC	Indiana	5010	26-1218186
Automotive Finance Corporation	Indiana	5010	35-1699152
Automotive Recovery Services, Inc	Indiana	5010	35-2123607
AutoVIN, Inc	Indiana	5010	35-2086523
PAR, Inc	Indiana	5010	35-2062003
Axle Holdings, Inc	Delaware	5010	20-2835651
Insurance Auto Auctions, Inc	Illinois	5010	95-3790111
Insurance Auto Auctions Corp	Delaware	5010	95-4455113
IAA Acquisition Corp	Delaware	5010	36-4351076

IAA Services, Inc	Illinois	7549	36-4294285

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Name of Additional Registrant*	State or Other Jurisdiction of Incorporation or Formation	Primary Standard Industrial Classification Code Number	I.R.S Employer Identification Number
Auto Disposal Systems, Inc	Ohio	5010	31-0954761
ADS Ashland, LLC	Ohio	5010	31-0954761
ADS Priority Transport Ltd	Ohio	5010	31-0954761
Auto Disposal of Bowling Green, Inc.	Tennessee	5010	62-1672297
Auto Disposal of Chattanooga, Inc.	Tennessee	5010	62-1406590
Auto Disposal of Memphis, Inc.	Tennessee	5010	20-1801091
Auto Disposal of Nashville, Inc.	Tennessee	5010	62-1004467
Auto Disposal of Paducah, Inc.	Tennessee	5010	62-1799839
Salvage Disposal Company of Georgia	Georgia	5010	58-0965230
CarBuyCo, LLC	North Carolina	5010	26-4296526
Dent Demon, LLC	Indiana	5010	26-1530430
LiveBlock Auctions International, Inc.	Nevada	5010	26-2871774
Sioux Falls Auto Auction, Inc	South Dakota	5010	46-0412455
Tri-State Auction Co., Inc	North Dakota	5010	45-0255813
Zabel & Associates, Inc	North Dakota	5010	45-0446447

* Addresses and telephone numbers of principal executive offices are the same as those of KAR Holdings, Inc.

EXPLANATORY NOTE

This Registration Statement contains a combined Prospectus under Rule 429 promulgated under the Securities Act of 1933, as amended, that relates to each of the several series of notes issued by KAR Holdings, Inc. and the related guarantees thereof that previously have been registered with the Securities and Exchange Commission. Each series of the notes have been registered under the Act on the registration statement bearing the following File No.: 333-149137. This Registration Statement is filed pursuant to Rule 429 to add registrants to such registration statement and to reflect the guarantees of each of the several series of notes by such additional registrants. Pursuant to Rule 429, upon effectiveness, this Registration Statement shall act as the Post-Effective Amendment No. 2 to Form S-1 Registration Statement (File No.: 333-149137).

This Registration Statement is being filed, and the Prospectus that is part hereof will be used, solely in connection with offers and sales by Goldman, Sachs & Co. related to market-making transactions. We will not receive any proceeds of such sales.

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The information in this prospectus is not complete and may be changed. We may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated April 20, 2009.

PROSPECTUS

KAR HOLDINGS, INC.

$150,000,000 Floating Rate Senior Notes Due 2014

$450,000,000 8 3/4% Senior Notes Due 2014

$425,000,000 10% Senior Subordinated Notes Due 2015

The Floating Rate Senior Notes due 2014 (the Floating Rate Senior Notes) accrue interest at a rate per annum, reset quarterly, equal to LIBOR (as defined) plus 4.00%, and will mature on May 1, 2014. The 8 3/4% Senior Notes due 2014 (the Fixed Rate Senior Notes) bear interest at a rate of 8 3/4% per annum and will mature on May 1, 2014. The 10% Senior Subordinated Notes due 2015 (the Senior Subordinated Notes) bear interest at a rate of 10% per annum and will mature on May 1, 2015. The Floating Rate Senior Notes, the Fixed Rate Senior Notes and the Senior Subordinated Notes are collectively referred to herein as the Notes , unless the context otherwise requires.

We may redeem some or all of the Floating Rate Senior Notes at any time on or after May 1, 2009, some or all of the Fixed Rate Senior Notes at any time on or after May 1, 2010 and some or all of the Senior Subordinated Notes at any time on or after May 1, 2011. We may redeem some or all of the Floating Rate Senior Notes prior to May 1, 2009, some or all of the Fixed Rate Senior Notes prior to May 1, 2010 and some or all of the Senior Subordinated Notes prior to May 1, 2011, in each case at the redemption prices set forth in this prospectus. We may also redeem up to 35% of the Floating Rate Senior Notes, up to 35% of the Fixed Rate Senior Notes and up to 35% of the Senior Subordinated Notes at any time on or before May 1, 2010, in each case at the redemption prices set forth in this prospectus using the proceeds of certain equity offerings.

The Floating Rate and Fixed Rate Senior Notes are guaranteed, jointly and severally and fully and unconditionally, on an unsecured unsubordinated basis by each of our subsidiaries that guarantees debt under our senior credit facility. The Senior Subordinated Notes are guaranteed, jointly and severally and fully and unconditionally, on an unsecured subordinated basis by each of our subsidiaries that guarantees debt under our senior credit facility.

See Risk Factors beginning on page 16 for a discussion of certain risks you should consider before investing in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus has been prepared for and may be used by Goldman, Sachs & Co. in connection with offers and sales of the notes related to market-making transactions in the notes effected from time to time. Goldman, Sachs & Co. may act as principal or agent in these transactions. Such sales will be made at prevailing market prices at the time of sale, at prices related thereto or at negotiated prices. We will not receive any proceeds from such resales.

The date of this prospectus is , 2009.

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This prospectus incorporates by reference important business and financial information about us that is not included in or delivered in this document. Copies of this information are available, without charge, to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to:

KAR Holdings, Inc.

13085 Hamilton Crossing Boulevard

Carmel, Indiana 46032

Oral requests should be made by telephoning (800) 923-3725.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

USE OF NON-GAAP MEASURES

EBITDA and Adjusted EBITDA, as presented in this prospectus, are supplemental measures of our performance that are not required by, or presented in accordance with, generally accepted accounting principles in the United States, or GAAP. They are not measurements of our financial performance under GAAP and should not be considered as alternatives to revenues, net income (loss) or any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as measures of our liquidity.

EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. Adjusted EBITDA is calculated by adjusting EBITDA for the items of income and expense and expected incremental revenue and cost savings as follows: (a) gain and losses from asset sales; (b) unrealized foreign currency translation gains and losses in respect of indebtedness; (c) certain non-recurring gains and losses; (d) stock option expense; (e) certain other noncash amounts included in the determination of net income; (f) management, monitoring, consulting and advisory fees paid to the equity sponsors; (g) charges and revenue reductions resulting from purchase accounting; (h) unrealized gains and losses on hedge agreements; (i) minority interest expense; (j) expenses associated with the consolidation of salvage operations; (k) consulting expenses incurred for cost reduction, operating restructuring and business improvement efforts; (l) expenses realized upon the termination of employees and the termination or cancellation of leases, software licenses or other contracts in connection with the operational restructuring and business improvement efforts; (m) expenses incurred in connection with permitted acquisitions; and (n) any impairment charges or write-offs of intangibles. Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about one of the principal internal measures of performance used by them. Management uses the Adjusted EBITDA measure to evaluate our performance and to evaluate results relative to incentive compensation targets. Adjusted EBITDA per the Credit Agreement adds the pro forma impact of recent acquisitions and the pro forma cost savings per the credit agreement to Adjusted EBITDA. This measure is used by our creditors in assessing debt covenant compliance and management believes its inclusion is appropriate to provide additional information to investors about certain covenants required pursuant to our senior secured credit facility and the notes.

The EBITDA measure (including Adjusted EBITDA and Adjusted EBITDA per the Credit Agreement) has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- it does not reflect any cash income taxes that we may be required to pay;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and this measure does not reflect any cash requirements for such replacements;
- it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- it does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- it does not reflect limitations on, or costs related to, transferring earnings from our subsidiaries to us; and

other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

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Because of these limitations, our EBITDA measure (including Adjusted EBITDA and Adjusted EBITDA per the Credit Agreement) should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our GAAP results and using this measure supplementally. See Management s Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and the related notes included elsewhere in this prospectus.

Unless the context other requires, in this prospectus, (i) we, us, our, the Company and KAR Holdings refer collectively to KAR Holdings, In Delaware corporation, and all its subsidiaries, including ADESA and IAAI; (ii) ADESA refers to ADESA, Inc. and its subsidiaries; (iii) IAAI refers to Insurance Auto Auctions, Inc. and its subsidiaries; and (iv) the Equity Sponsors refers, collectively, to GS Capital Partners VI Fund, L.P., Kelso Investment Associates VII, L.P., Parthenon Investors II, L.P. and ValueAct Capital Master Fund, L.P., which own through their respective affiliates, including, in respect of Kelso, Axle Holdings II, LLC, substantially all of our equity.

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SUMMARY

This summary highlights information appearing elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making your investment decision. You should read the entire prospectus carefully, including the matters discussed under the caption Risk Factors and Unaudited Pro Forma Consolidated Financial Data and in the financial statements and related notes included elsewhere in this prospectus, as well as information incorporated by reference. On April 20, 2007, KAR Acquisition, Inc. merged with and into ADESA, with ADESA continuing as the surviving corporation (the Merger). In connection with the Merger and the related transactions described below, we completed the private offering of $150 million aggregate principal amount of Floating Rate Senior Notes due 2014, $450 million aggregate principal amount of 8 3/4% Senior Notes due 2014 and $425 million aggregate principal amount of 10% Senior Subordinated Notes due 2015, which we refer to collectively as the Restricted Notes . After consummation of the Merger and the related transactions, ADESA and IAAI became wholly owned subsidiaries of KAR Holdings, Inc.

Our Company

Overview

We are the second largest provider of whole car auctions, a leading provider of salvage vehicle auctions and have the largest network of automobile auction locations in North America. Our network of whole car and salvage vehicle auctions facilitates the sale of used and salvage vehicles through physical, online and hybrid auctions, which permit Internet buyers to participate in physical auctions. We earn auction fees from both vehicle buyers and sellers for completed transactions. We also generate revenues by providing our customers with value-added ancillary services, including reconditioning, inspection and certification, titling, transportation and administrative and salvage recovery services. We facilitate the transfer of ownership directly from seller to buyer and, generally, we do not take title or ownership to vehicles sold at our auctions.

We are also a leading provider of short-term inventory-secured financing, known as floorplan financing, primarily to independent used vehicle dealers. Floorplan financing typically involves the financing of dealer vehicle purchases at auction in exchange for a security interest in those vehicles. Loans are generally short-term in nature and typically repaid when the vehicle is sold by the dealer. We generate revenues from both fees and interest on these loans.

Our key competitive advantages include our leading North American market positions, broad distribution network, established relationships with a diversified customer base, comprehensive range of innovative value-added services and strong management team with significant industry experience. As of March 15, 2009, we have a network of 61 whole car auction locations, 150 salvage auction locations and 88 loan production offices in North America. Our auction locations are primarily stand-alone facilities dedicated to either whole car or salvage auctions. Nine of these locations are combination sites, which offer separate whole car and salvage auctions. We believe our extensive network and product offerings enables us to drive revenues by leveraging relationships with North American institutional vehicle providers and registered buyers of used and salvage vehicles.

Business Segments

We operate through three business segments: ADESA Auctions, IAAI Salvage and Automotive Finance Corporation, or AFC.

ADESA Auctions

We are the second largest provider of whole car auctions and related services in North America. We serve our customer base through whole car auction sites located throughout North America. Our whole car auction

facilities are strategically located to draw professional sellers and buyers together and allow our buyers to physically inspect and compare vehicles, which we believe many customers in the industry demand. Our complementary online auction capabilities provide the convenience of viewing, comparing and bidding on vehicles remotely and the advantage of a potentially larger group of buyers.

Vehicles available at our auctions include vehicles from institutional customers, such as off-lease vehicles, repossessed vehicles, rental vehicles and other program fleet vehicles that have reached a predetermined age or mileage and have been repurchased by the manufacturers, as well as vehicles from dealers turning their inventory. Sellers include large institutions, such as vehicle manufacturers and their captive finance arms, vehicle rental companies, financial institutions, commercial fleets and fleet management companies and independent and franchised used vehicle dealers. Buyers are primarily franchised or independent used vehicle dealers.

ADESA Auctions generates revenue primarily from auction fees paid by vehicle buyers and sellers. Generally, ADESA Auctions does not take ownership or title to vehicles sold at our auctions. Our buyer fees and dealer seller fees are typically based on a tiered structure with fees increasing with the sale price of the vehicle, while institutional seller fees are typically fixed. We also generate revenues from ancillary services, such as vehicle reconditioning and preparation, transportation and professional field information services.

IAAI Salvage

We are a leading provider of salvage vehicle auctions and related services in North America. We serve our customer base through salvage auction locations throughout North America. Our salvage auctions facilitate the redistribution of damaged vehicles that are designated as total-losses by insurance companies, recovered stolen vehicles for which an insurance settlement with the vehicle owner has already been made and older model vehicles donated to charity or sold by dealers in salvage auctions.

Salvage vehicles are primarily supplied by property and casualty insurance companies, as well as non-profit organizations, automobile dealers and vehicle leasing and rental car companies. We enjoy long-term relationships with most of the major automobile insurance companies in North America. Buyers of salvage vehicles include licensed vehicle dismantlers, rebuilders, repair shop operators and used vehicle dealers.

We process salvage vehicles primarily under two consignment methods: fixed fee and percentage of sale. Under these methods, in return for agreed upon fees, we sell vehicles on behalf of insurance companies, which continue to own the vehicles until they are sold to buyers at auction. In addition to auction fees, we generally charge fees to vehicle suppliers for various services, including towing, title processing and other administrative services. Under all methods of sale, we also charge vehicle buyers fees based on a tiered structure that increases with the sale price of the vehicle, as well as fixed fees for other services.

AFC

We are a leading provider of floorplan financing to independent used vehicle dealers. We provide, directly or indirectly through an intermediary, floorplan financing to independent used vehicle dealers through loan production offices located throughout North America. Typical loan terms are 30 to 60 days with an option to extend the original term of the loan. In 2008, AFC arranged over 1.1 million loan transactions, which number includes extensions or curtailments of loans. We sell the majority of our U.S. dollar denominated finance receivables without recourse to a wholly owned bankruptcy remote special purpose entity, which sells an undivided participation interest in such finance receivables to a bank conduit facility on a revolving basis.

Floorplan financing supports independent used vehicle dealers in North America which purchase vehicles from our auctions, independent auctions, auctions affiliated with other auction networks and non-auction purchases. Our ability to provide floorplan financing facilitates the growth of vehicle sales at auction.

AFC generates a significant portion of its revenue from fees. These fees include origination, floorplan, curtailment and other related program fees. We collect accrued fees and interest when the loan is extended or paid in full. To secure our obligations, we typically retain possession of the title document to the vehicle, file UCC filings and receive personal guarantees from the dealer. We also maintain a close relationship with customers to assess their financial health and conduct regular inventory checks on the dealers lots through our AutoVIN subsidiary.

Competitive Strengths

Leading North American Market Positions

We are the second largest provider of whole car auctions and a leading provider of salvage vehicle auctions and related services in North America. In 2008, the most recent date available, we had estimated market shares of approximately 19% and 35% in the whole car auction and salvage auction markets, respectively. We leverage our significant market presence to attract a high volume of vehicles, thereby ensuring sufficient supply to create the successful marketplaces that buyers and sellers demand. We also have a leading market position in the floorplan financing industry. AFC s broad coverage, strong brand name and longstanding customer relationships have established it as a leading provider of floorplan financing for independent used car dealers.

Broad North American Distribution Network

Our 61 whole car and 150 salvage auction locations enable us to provide a single source solution for our customers needs throughout North America. In addition, AFC has 88 loan production offices supporting independent dealers across North America who purchase vehicles from auctions held by ADESA Auctions, independent auctions, auctions affiliated with other auction networks and non-auction sources. Of these offices, 46 are located at ADESA Auctions sites, 33 are located strategically near auctions and 9 are located at third-party auctions. Our network enables us to maintain and develop our relationships with local sellers and buyers, while our North American presence allows institutional customers to access buyers and to redistribute vehicles to markets where demand best matches supply. Our presence in 70 of the top 75 metropolitan markets in the United States gives us an advantage over our smaller competitors, the large majority of which operate in a single market and lack scale. As our customers increasingly demand single source solutions, we believe that our scale and network will become an even more distinct advantage over our competitors. In addition, we believe our broad, established network positions us well because of the large tracts of land required to build new auction sites (our average whole car site is 75 acres and our average salvage site is 27 acres) and the need to comply with regulatory requirements, including zoning and use permits.

Established Relationships with a Diversified Customer Base

We have established strong business relationships with dealers and institutional customers, such as vehicle manufacturers, insurers, financial institutions, rental agencies and fleet companies. We have a diverse customer base and do not have a major concentration of business with any one customer. We believe this diversity allows us to better withstand changes in the economy and market conditions. In our whole car business, we enjoy long-term relationships with all of the major vehicle manufacturers, vehicle finance companies and rental car companies in North America, including Chrysler Motors, LLC, Ford Motor Company, General Motors Corporation, American Honda Finance Corporation, Toyota Motor Credit Corporation, AmeriCredit Financial Services, Inc., Capital One Auto Finance, Chase Auto Finance Corp., Enterprise Rent-A-Car, The Hertz Corporation, Mercedes-Benz Credit Corporation, Nissan North America, Inc., VW Credit, Inc., WFS Financial and World Omni Financial Corp. In our salvage vehicle auction business, we enjoy long-term relationships with The Allstate Corporation, American Family Insurance, American International Group, The Farmers Insurance

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Group of Companies, GEICO (Government Employees Insurance Company), Nationwide Financial Services, Inc., The Progressive Corporation, State Farm and USAA (United Services Automobile Association). As of January 1, 2008, no single supplier represented more than 7.5% of our unit sales and no single buyer represented more than 1% of our unit sales.

Single-Source Service Provider of Value-Added Services

We are able to serve as a one-stop shop for our customers by offering a comprehensive range of innovative and value-added services. We offer physical auctions with Internet-bidding capabilities that enable buyers to pre-bid over the Internet, participate in person at a physical auction and bid over the Internet in real time. Through ADESA Auctions, we offer reconditioning and preparation services and customized reporting and analytical services. Through IAAI Salvage, we provide on-site facilities for insurance providers and online tools for salvage vehicle suppliers that include inventory management, salvage returns analysis and electronic data interchange of titling information. We also provide our insurance company suppliers with the capability to electronically assign and manage their salvage vehicle inventory.

Strong Management Team with Significant Industry Experience

Our senior management team has extensive experience in the automotive services industry.

Brian Clingen, our Chairman and Chief Executive Officer, has significant operational and investment experience in the automotive services industry. Mr. Clingen has served as a managing partner of BP Capital Management since 1998.

Jim Hallett, President and Chief Executive Officer of ADESA Auctions, has significant experience in the automotive auctions industry. Mr. Hallett previously served as an executive officer of ADESA from August 1996 until May 2005.

Tom O Brien, President and Chief Executive Officer of IAAI Salvage, has over 30 years experience in general management of various businesses, with over 15 years in businesses that provide services to the automotive insurance industry. Mr. O Brien has led IAAI since 2000.

Don Gottwald, President and Chief Executive Officer of AFC, has significant experience in the financial services industry and has served on the American Financial Services Association s board of directors.

Eric Loughmiller, our Chief Financial Officer, has over 25 years experience in finance and accounting and over 10 years as Chief Financial Officer of public and private companies.

John Nordin, our Chief Information Officer, has over 26 years of experience in IT and over 13 years as Chief Information Officer of public and private companies.

Rebecca Polak, our Executive Vice President, General Counsel and Secretary, has significant experience in corporate and securities law. Ms. Polak served as Associate General Counsel of ADESA from February 2005 to April 2007.

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Business Strategy

We continue to focus on growing our revenues and profitability through the execution of the following key operating strategies:

Increase Whole Car Volume

Institutional. We continue to focus on growing our whole car auction business by building stronger and more interactive relationships with our institutional customers. To the extent possible, we have aligned our managers with the types of customers that they have the most relevant experience with: vehicle manufacturers, finance companies, rental car companies, leasing companies and fleet management companies. This allows our managers to focus on the current trends for their respective institutional customer group in order to better coordinate our sales efforts and service offerings tailored to our customers needs. In addition to our team of relationship managers, we utilize ADESA Analytical Services to provide our institutional customers with customized studies and data analysis tools to enhance their remarketing decisions, target potential buyers and determine the best market and forum for their vehicles.

Dealers. We have a decentralized sales and marketing approach for our dealer business with primary coverage responsibilities managed by the individual auction locations. We believe this decentralized approach enhances relationships with the dealer community and increases dealer volumes at our auctions. Dealer business is a highly market specific business and we have local relationship managers who have experience in the used car business and possess an intimate knowledge of their local market.

Realize Cost Savings and Enhance Revenues in Salvage Operations

We continue to focus on cost savings and revenue synergies from the combination of ADESA s and IAAI s salvage operations by reducing corporate overhead of the combined salvage operations. We strive to increase performance of our salvage operations through enhancement opportunities, including reducing corporate overhead of the combined salvage operations, consolidating existing salvage sites onto existing whole car sites, opening new salvage sites on existing whole car sites, easing volume constraints through a larger branch network and implementing IAAI standard processes and information technology systems to streamline operations and improve operating efficiencies at existing ADESA salvage branches.

Over the past few years, IAAI has successfully implemented an operating model for its auction sites that streamlines numerous operating and administrative activities and standardizes processes, resulting in cost savings and improved customer service levels. We have implemented this scaleable operating model at 31 of ADESA s salvage facilities located in the United States, which we believe will result in additional cost savings, primarily by reducing headcount and personnel costs. We intend to implement the IAAI operating model at 13 of ADESA s salvage locations in Canada in 2010.

Reduce Costs and Enhance Revenues at ADESA Auctions

We continue to focus on reducing costs and enhancing revenues at ADESA Auctions by implementing the following initiatives:

- Optimize management and staffing levels for each auction

- Establish standardized operating procedures and utilize technology to automate process controls for key operational areas and to improve labor efficiency

- Centralize certain common functions previously performed at individual auction locations such as payables processing and general ledger entry to reduce costs and improve working capital turns

- Centralize and consolidate certain procurement functions to leverage global volumes of commodities and services to gain more favorable pricing

Standardize fee structures for ancillary services

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Expand through Selective Relocations, Greenfields and Acquisitions

We continue our efforts on relocating some of our existing whole car auction facilities to new, larger facilities in markets where our existing facilities are capacity-constrained. In addition, increased demand for single source solutions by our customers may enable us to acquire smaller, less geographically diversified competitors at attractive prices. Both ADESA and IAAI have been successful in acquiring independent auction operations over the past few years. We will continue to evaluate opportunities to open new greenfield sites in markets adjacent to those in which we already have a presence, in order to effectively leverage our sales and marketing capabilities. We expect to expand our salvage operations by selectively locating new salvage auction sites at ADESA Auctions existing auction facilities.

Enhance performance at AFC

We will continue to focus on expanding coverage and improving coordination with ADESA Auctions to capitalize on cross-selling opportunities. By encouraging a collaborative marketing effort between AFC and ADESA Auctions, we believe we can market more effectively to dealers and tailor AFC s financing products to individual dealer needs. We will continue to focus on generating additional revenues by expanding our floorplan financing business to certain IAAI Salvage buyers and by cross-selling our whole car auction services to our AFC customers that do not currently use ADESA Auctions.

Continue to Invest in Information Technology

We will continue to invest in and improve our technology infrastructure to expand service offerings and improve operating efficiencies and customer service. We are utilizing the experience gained through the recent development of IAAI s proprietary IT systems (completed in 2005) as we continue to upgrade the ADESA Auctions IT systems. We are utilizing technology to provide additional service offerings across our whole car and salvage businesses to improve customers returns, shorten the claims processing cycle on the salvage side and lower overall transaction costs. In addition, we are enhancing our e-commerce products and services portfolio in order to better serve our whole car buyers and sellers. These information technology improvements should also allow us to reduce field staff through more efficient and reliable systems, while providing our institutional customers with quicker and better data analysis.

The Transactions

On April 20, 2007, KAR Acquisition, Inc., a Delaware corporation that was a wholly owned subsidiary of KAR Holdings, merged with and into ADESA, with ADESA continuing as the surviving corporation. After completion of the Merger and related transactions described below, ADESA and IAAI became wholly owned subsidiaries of KAR Holdings.

The following transactions occurred in connection with the Merger: (i) all of ADESA s outstanding equity interests were cancelled in exchange for aggregate cash payments of approximately $2,541.5 million; (ii) affiliates of the Equity Sponsors and management contributed to KAR Holdings approximately $1.1 billion in equity, consisting of approximately $790.0 million in cash and approximately $272.4 million in equity interest in IAAI; (iii) we entered into senior secured credit facilities, comprised of a $1,565.0 million term loan facility and a $300.0 million revolving credit facility and, each of our existing and certain future domestic subsidiaries, subject to certain exceptions, guaranteed such credit facilities; and (iv) we issued the Restricted Notes and, after the Merger, each of our restricted subsidiaries that guaranteed our senior secured credit facilities also guaranteed the Floating Rate Senior Notes and Fixed Rate Senior Notes on an unsecured senior basis and the Senior Subordinated Notes on a senior subordinated basis.

In addition, in connection with the Merger, ADESA completed a tender offer to purchase for cash any and all of its outstanding 7 $^{5}/8$% senior subordinated notes due June 15, 2012, or the 2012 Notes, and a consent solicitation to amend the indenture governing the 2012 Notes to eliminate substantially all of the restrictive covenants and certain events of default and modify other provisions contained in such indenture. Also, IAAI completed a tender offer to purchase for cash any and all of its outstanding 11% senior notes due April 1, 2013, or the 2013 Notes, and a consent solicitation to amend the indenture governing the 2013 Notes to eliminate substantially all of the restrictive covenants and certain events of default and modify other provisions contained in such indenture.

The equity contributions, borrowings under our senior credit facilities, our cash on hand and the net proceeds from the offering of the Restricted Notes were used to pay the Merger consideration, consummate the tender offers and pay the related fees and expenses. In this prospectus, we refer to the Merger and the above related transactions as the Transactions.

Upon consummation of the Transactions, we also entered into agreements with the Equity Sponsors and their affiliates, pursuant to which such entities or their affiliates will provide financial and advisory services to us. See Certain Relationships and Related Party Transactions for more information regarding these agreements.

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Our Corporate Structure

The following chart presents our corporate structure:

The Equity Sponsors

Kelso & Company

Kelso & Company, one of the oldest and most established firms specializing in private equity investing, has been involved in leveraged acquisitions both as principal and as financial advisor since 1971. Kelso makes equity investments on behalf of investment partnerships, which it manages. Since 1980, Kelso has completed over 95 transactions with an aggregate initial capitalization at closing of approximately $31 billion.

GS Capital Partners

Founded in 1869, Goldman Sachs is one of the oldest and largest investment banking firms. Goldman Sachs is also a global leader in private equity and mezzanine investing. The Principal Investment Area (PIA) of Goldman Sachs has been investing in private equity since 1986, mezzanine debt securities since 1996, and senior secured loans since 2008. Goldman Sachs PIA has formed 15 investment vehicles aggregating $86 billion of capital to date.

ValueAct Capital

ValueAct, with offices in San Francisco and Boston and more than $6 billion in investments, seeks to make strategic-block value investments in a limited number of companies. ValueAct concentrates primarily on acquiring significant ownership stakes in publicly traded companies, and a select number of control investments, through both open-market purchases and negotiated transactions.

Parthenon Capital

Parthenon Capital is a private equity firm with offices in Boston and San Francisco. The firm provides capital and strategic resources to growing middle market companies for acquisitions, internal growth strategies and shareholder liquidity. The firm invests in a wide variety of industries with particular expertise in Business Services, Financial Services and Healthcare.

Summary Description of the Notes

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Senior Notes section of this prospectus contains a more detailed description of the terms and conditions of the Senior Notes and the Description of Senior Subordinated Notes section of this prospectus contains a more detailed description of the terms and conditions of Senior Subordinated Notes.

Issuer	KAR Holdings, Inc.
Notes Offered	$150.0 million in aggregate principal amount of Floating Rate Senior Notes due 2014.
	$450.0 million in aggregate principal amount of 8 $^{3}/4$% Senior Notes due 2014.
	$425.0 million aggregate principal amount of 10% Senior Subordinated Notes due 2015.

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Maturity Dates	The Floating Rate and Fixed Rate Senior Notes mature on May 1, 2014 respectively.
	The Senior Subordinated Notes mature on May 1, 2015.
Interest Payment Dates	With respect to the Floating Rate Senior Notes, May 1, August 1, November 1 and February 1 of each year, commencing August 1, 2007.
	With respect to the Fixed Rate Senior Notes and the Senior Subordinated Notes, May 1 and November 1 of each year, commencing November 1, 2007.
Guarantees	The Floating Rate and Fixed Rate Senior Notes are guaranteed, jointly and severally and fully and unconditionally, on an unsecured unsubordinated basis by each of our subsidiaries that guarantees debt under our senior credit facility.
	The Senior Subordinated Notes are guaranteed, jointly and severally and fully and unconditionally, on an unsecured subordinated basis by each of our subsidiaries that guarantees debt under our senior credit facility.
Ranking	The Floating Rate and Fixed Rate Senior Notes and the respective guarantees thereof are our and the guarantors unsecured, senior obligations and rank in right of payment:
	pari passu with all of our and the guarantors existing and future senior indebtedness, including any borrowings under our senior secured credit facilities and the guarantees thereof;
	senior to all of our and our guarantors existing and future subordinated indebtedness, including the Senior Subordinated Notes and the guarantees thereof; and
	structurally subordinated to all existing and future liabilities, including trade and other payables, of our non-guarantor subsidiaries.
	As of December 31, 2008, the aggregate amount of liabilities of our non-guarantor subsidiaries, including trade and other payables, was $182.3 million.
	Because the Notes are unsecured, in the event of bankruptcy, liquidation, reorganization or other winding up of our company or the guarantors or upon default in payment with respect to, or the acceleration of, any indebtedness under our senior secured credit facility or other secured indebtedness, the assets of our company and the guarantors that secure other secured indebtedness will be available to pay obligations on the Notes and the guarantees only after all indebtedness under such other secured indebtedness has been repaid in full from such assets. See Description of Other Indebtedness.

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As of December 31, 2008, the Senior Notes would have been effectively subordinated to approximately $1,497.9 million of our and the guarantors secured debt and there would have been $300.0 million of additional availability under our senior secured credit facilities.

The Senior Subordinated Notes and the guarantees thereof are our and the guarantors unsecured, senior subordinated obligations and rank in right of payment:

- junior to all of our and the guarantors existing and future senior indebtedness, including the Senior Notes and the guarantees thereof and any borrowings under our senior secured credit facilities and the guarantees thereof;
- pari passu with all of our and our guarantors existing and future unsecured senior subordinated indebtedness; and
- structurally subordinated to all existing and future liabilities, including trade and other payables, of our non-guarantor subsidiaries.

As of December 31, 2008, the Senior Subordinated Notes would have been (i) subordinated to $2,097.9 million of our and the guarantors senior debt, including the Senior Notes, and there would have been $300.0 million of additional availability under our senior secured credit facilities and (ii) structurally subordinated to $182.3 million of liabilities of our non-guarantor subsidiaries, including trade and other payables.

Optional Redemption

We may, at our option, redeem some or all of the Floating Rate Senior Notes at the redemption prices listed under Description of Senior Notes Optional Redemption Floating Rate Senior Notes.

We may, at our option, redeem some or all of the Fixed Rate Senior Notes at the redemption prices listed under Description of Senior Notes Optional Redemption Fixed Rate Senior Notes.

We may, at our option, redeem some or all of the Senior Subordinated Notes at the redemption prices listed under Description of Senior Subordinated Notes Optional Redemption.

In addition, on or prior to May 1, 2010, we may, at our option, redeem up to 35% of each series of the Notes with the proceeds of certain equity offerings at the redemption price listed under Description of Senior Notes Optional Redemption and Description of Senior Subordinated Notes Optional Redemption.

Mandatory Repurchase Offer

If we experience specific types of changes in control, we must offer to repurchase the Notes at a price equal to 101% of the principal amount

	thereof, plus accrued and unpaid interest to the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant payment date. See Description of Senior Notes Repurchase at the Option of Holders and Description of Senior Subordinated Notes Repurchase at the Option of Holders.
Certain Covenants	The indentures governing the Notes among other things, restrict our ability and the ability of our restricted subsidiaries to: incur additional debt; pay dividends and make distributions; make certain investments; repurchase stock; incur liens; enter into transactions with affiliates; merge or consolidate; and transfer or sell assets. These covenants are subject to important exceptions and qualifications. For more details, see Description of Senior Notes Certain Covenants and Description of Senior Subordinated Notes Certain Covenants.

Risk Factors

You should carefully consider the information set forth under Risk Factors beginning on page 16 before deciding to invest in the Notes.

Information About KAR Holdings

We were incorporated in Delaware on November 9, 2006, but we had no operations until the consummation of the Transactions on April 20, 2007. Our principal executive offices are located at 13085 Hamilton Crossing Boulevard, Carmel, Indiana 46032, and our telephone number is (800) 923-3725. Our website is located at www.karholdingsinc.com. The information on, or accessible through, the website is not a part of, or incorporated by reference in, this prospectus.

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Summary Historical and Pro Forma Consolidated Financial Data

The following table sets forth our summary historical consolidated financial data and summary unaudited pro forma consolidated income statement data, at the dates and for the periods indicated. The summary historical consolidated financial data as of and for the years ended December 31, 2007 and 2008 has been derived from our audited consolidated financial statements and the related notes included elsewhere in this prospectus. We were incorporated on November 9, 2006; however, we had no operations until the consummation of the Transactions on April 20, 2007.

The summary unaudited pro forma consolidated statement of operations data and other financial data for the year ended December 31, 2007 have been prepared to give effect to the Transactions as if they had occurred on the first day of the fiscal year 2007 (January 1, 2007 for each of IAAI and ADESA). The summary unaudited pro forma consolidated financial data does not purport to represent what our results of operations, balance sheet data or financial information would have been if the Transactions had occurred as of the dates indicated, or what such results will be for any future period.

The following selected financial data should be read in conjunction with Use of Non-GAAP Measures, Selected Historical Consolidated Financial Data, Unaudited Pro Forma Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, the audited consolidated financial statements of KAR Holdings and related notes, the audited consolidated financial statements of ADESA and related notes, the audited consolidated financial statements of IAAI and related notes, and other financial information included elsewhere in this prospectus.

(Dollars in millions)	Year ended December 31, 2007(1)	Pro forma year ended December 31, 2007(2) (unaudited)	Year ended December 31, 2008
Statement of Operations Data:			
Net revenues	$ 1,102.8	$ 1,588.9	$ 1,771.4
Cost of sales (excludes depreciation and amortization)	627.4	891.2	1,053.0
Gross profit	475.4	697.7	718.4
Operating expense:			
Selling, general and administrative	242.4	348.2	383.7
Depreciation and amortization	126.6	176.1	182.8
Goodwill and other intangibles impairment			164.4
Operating income (loss)	106.4	173.4	(12.5)
Other (income) expense:			
Interest expense	162.3	226.3	215.2
Other expense (income), net	(7.6)	(9.7)	19.9
Income (loss) before income taxes	(48.3)	(43.2)	(247.6)
Income taxes	(10.0)	(17.4)	(31.4)
Net (loss) income from continuing operations	$ (38.3)	$ (25.8)	$ (216.2)

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	Year ended December 31, 2007(1)	Year ended December 31, 2008
Other Financial Data:		
EBITDA(7)	$ 327.3	$ 148.6
Adjusted EBITDA per the Credit Agreement (7)	405.2	396.0
Cash flow from operations	96.8	224.9
Capital expenditures	62.7	129.6
Ratio of earnings to fixed charges(3)		
Balance Sheet Data (at end of period):		
Available cash and cash equivalents(4)	$ 104.3	$ 88.9
Working capital(5)	442.1	304.3
Total assets	4,530.8	4,157.6
Total debt	2,616.7	2,527.4
Total net debt(6)	2,512.4	2,438.5
Total stockholders equity	1,013.6	750.7

(1) We were incorporated on November 9, 2006, but had no operations until the consummation of the Transactions on April 20, 2007.

(2) The amount for pro forma year ended December 31, 2007 is based on the historical financial data of ADESA for the period from January 1, 2007 to April 19, 2007, the historical financial data of IAAI for the period from January 1, 2007 to April 19, 2007 and the historical financial data of KAR Holdings for the period from January 1, 2007 to December 31, 2007, as adjusted to combine the financial statements of ADESA and IAAI on a historical basis and to illustrate the pro forma effects of the Transactions as if they had occurred on January 1, 2007. KAR Holdings was incorporated on November 9, 2006, but had no operations until the consummation of the Transactions on April 20, 2007.

(3) For purposes of determining the ratio of earnings to fixed charges, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt issuance costs which are charged to interest expense and a reasonable approximation of the interest factor related to operating leases. The amount of deficiency for the years ended December 31, 2007 and 2008 was $48.3 million and $247.6 million, respectively.

(4) Available cash and cash equivalents excludes cash in transit.

(5) Working capital is defined as current assets less current liabilities.

(6) Represents total debt less available cash and cash equivalents, which excludes cash in transit.

(7) EBITDA and Adjusted EBITDA, as presented herein, are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. They are not measurements of our financial performance under GAAP and should not be considered as alternatives to revenues, net income (loss) or any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as measures of our liquidity.

EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. Adjusted EBITDA is calculated by adjusting EBITDA for the items of income and expense and expected incremental revenues and cost savings as follows (a) gains and losses from asset sales; (b) unrealized foreign currency translation gains and losses in respect of indebtedness; (c) certain non-recurring gains and losses; (d) stock option expense; (e) certain other noncash amounts included in the determination of net income; (f) management, monitoring, consulting and advisory fees paid to the equity sponsors; (g) charges and revenue reductions resulting from purchase accounting; (h) unrealized

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gains and losses on hedge agreements; (i) minority interest expense; (j) expenses associated with the consolidation of salvage operations; (k) consulting expenses incurred for cost reduction, operating restructuring and business improvement efforts; (l) expenses realized upon the termination of employees and the termination or cancellation of leases, software licenses or other contracts in connection with the operational restructuring and business improvement efforts; (m) expenses incurred in connection with permitted acquisitions; and (n) any impairment charges or write-offs of intangibles.

Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about one of the principal internal measures of performance used by them. Management uses the Adjusted EBITDA measure to evaluate our performance and to evaluate results relative to incentive compensation targets. Adjusted EBITDA per the Credit Agreement adds the pro forma impact of recent acquisitions and the pro forma cost savings per the credit agreement to Adjusted EBITDA. This measure is used by our creditors in assessing debt covenant compliance and management believes its inclusion is appropriate to provide additional information to investors about certain covenants required pursuant to our senior secured credit facility and the notes. EBITDA, Adjusted EBITDA and Adjusted EBITDA per the Credit Agreement measures have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the results as reported under GAAP. These measures may not be comparable to similarly titled measures reported by other companies.

Under our credit agreement and notes, we are required to maintain a Maximum Consolidated Senior Secured Leverage Ratio which is based on Adjusted EBITDA per the Credit Agreement. Failure to comply with the ratio covenant would result in a default under the credit agreement for our credit facility and, absent a waiver or an amendment from the lenders, permit the acceleration of all outstanding borrowings under the credit facility.

EBITDA, Adjusted EBITDA and Adjusted EBITDA per the Credit Agreement are reconciled to net income (loss) as follows (unaudited):

(In millions)	Year ended December 31, 2007(a)	Year ended December 31, 2008
Net (loss) income	$ (11.8)	$ (216.2)
Add back: discontinued operations	0.1	
(Loss) income from continuing operations	(11.7)	(216.2)
Add back:		
Income taxes	16.4	(31.4)
Interest expense, net of interest income	172.2	213.4
Depreciation and amortization	150.4	182.8
EBITDA	327.3	148.6
Nonrecurring charges	24.2	40.8
Nonrecurring transaction charges	24.8	
Noncash charges	16.6	200.4
Advisory services	2.6	3.7
Adjusted EBITDA	$ 395.5	$ 393.5
Pro forma impact of recent acquisitions	4.7	2.5
Pro forma cost savings per the credit agreement	5.0	
Adjusted EBITDA per the Credit Agreement	$ 405.2	$ 396.0

(a) The results of ADESA and IAAI have been combined for the period of time prior to the Transactions.

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RISK FACTORS

Investing in the Notes involves a number of risks. You should consider carefully the following information about these risks, together with the other information included in this prospectus. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below will not occur. If they do, our business, financial condition or results of operations could be materially and adversely affected.

Risks Related to Our Business

The recent financial crisis and economic downturn has negatively affected our results of operations and business, and conditions may not improve in the near future.

The capital and credit markets have been experiencing extreme volatility and disruption for more than a year, which has led to an economic downturn in the U.S. and abroad. The ongoing financial crisis and economic downturn has increased our exposure to several risk factors, including:

Decline in demand for used vehicles. We have experienced a decrease in demand for used vehicles from buyers and variations in conversion rates (the number of vehicles sold as a percentage of the number of vehicles entered for sale at used vehicle auctions) due to factors underlying buyer demand such as the lack of availability of consumer credit and the decline in consumer spending and consumer confidence. Adverse credit conditions have also affected the ability of dealers to secure financing to purchase used vehicles which has further negatively affected buyer demand. In addition, a reduction in the number of franchise and independent used car dealers has negatively affected and may continue to negatively affect our ability to collect receivables and may reduce demand.

Fluctuations in the supply of used vehicles. We are dependent on the supply of used vehicles coming to auction. A consequence of the global economic downturn and credit crisis has been an erosion of demand for new and used vehicles. This has led many lenders to cut back on originations of new loans and leases and is expected to lead to significant capacity reductions by automakers in the U.S. Capacity reductions generally depress the number of vehicles received for auction in the future.

Supply of salvage vehicles. Due to current market conditions, the number of miles driven may continue to decrease, which may lead to a decrease in the number of salvage vehicles received at auction. In addition, decreases in commodity prices, such as steel and platinum, have negatively affected and may continue to negatively affect vehicle values and demand at salvage auctions.

Volatility in the asset-backed securities market. The volatility and disruption in the asset-backed commercial paper market, declines in the prime rate and increased loan losses as used vehicle dealers have experienced steep declines in sales over the last several months have led to reduced revenues and the narrowing of interest rate spreads at AFC. In addition, the volatility and disruption have affected, and may continue to affect, AFC s cost of financing related to its securitization conduit.

Increased counterparty credit risk. Continued market deterioration could increase the risk of the failure of financial institutions party to our credit agreement and other counterparties with which we do business to honor their obligations to us. Our ability to replace any such obligations on the same or similar terms may be limited if challenging credit and general economic conditions persist.

Substantial amount of indebtedness. Continued uncertainty in the financial markets may negatively affect our ability to access additional financing or to refinance our existing indebtedness on favorable terms or at all. While our business model has historically generated substantial operating cash flow, if a prolonged recession occurs, it may affect our cash flow from operations and results of operations, which may affect our ability to service payment obligations on our debt or to comply with our debt covenants.

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The Federal Government, Federal Reserve and other governmental and regulatory bodies have taken or are currently taking certain actions to address the financial crisis. There can be no assurance as to the effect that any such governmental actions will have on the financial markets generally or on our business, results of operations and financial condition. We do not currently know the full extent to which this market disruption will affect it or the market in which it operates, and it is unable to predict the length or ultimate severity of the financial crisis and economic downturn.

Since the third quarter of 2008, the trends described above have adversely affected our operating results and business. If the financial crisis and economic downturn persist and these trends continue, our results of operations, business and financial condition may be materially adversely affected.

Fluctuations in consumer demand for and in the supply of used, leased and salvage vehicles impact auction sales volume, conversion rates and the demand for floorplan financing by independent used vehicle dealers, which may adversely affect our revenues and profitability.

In the normal course of business we are subject to changes in general U.S. economic conditions, including but not limited to, availability and affordability of consumer credit, interest rates, fuel prices, inflation, discretionary spending levels, unemployment rates and consumer confidence about the economy in general. Significant changes in economic conditions could adversely impact consumer demand for used vehicles.

As consumer demand fluctuates, the volume and prices of used vehicles may be affected and the demand for used vehicles at auction by dealers may likewise be affected. The demand for used vehicles at auction by dealers may therefore affect the wholesale price of used vehicles and the conversion percentage of vehicles sold at auction. In addition, changes in demand for used vehicles may affect the demand for floorplan financing as well as our ability to collect existing floorplan loans.

The number of new and used vehicles that are leased by consumers affects the supply of vehicles coming to auction. As manufacturers and other lenders have decreased the number of leases in the last few years and extended the lease terms of some of the leases that were written, the number of off-lease vehicles available at auction declined annually from 2003 to 2006. The number of off-lease vehicles available at auction was up modestly in 2007 and the increase continued in 2008. We are not able to predict manufacturers and lenders approaches to leasing and thus future volumes of off-lease vehicles may be affected based upon leasing terms and trends. The supply of off-lease vehicles coming to auction is also affected by the market value of used vehicles compared to the residual value of those vehicles per the lease terms. In most cases, the lessee and the dealer have the ability to purchase the vehicle at the residual price at the end of the lease term. Generally, as market values of used vehicles rise, the number of vehicles purchased at residual value by the lessees and dealers increases, thus decreasing the number of off-lease vehicles available at auction.

We are also dependent upon receiving a sufficient number of total-loss vehicles as well as recovered theft vehicles to sustain profit margins in our salvage auction business. Factors that can affect the number of vehicles received include, but are not limited to, driving patterns, mild weather conditions that cause fewer traffic accidents, reduction of policy writing by insurance providers that would affect the number of claims over a period of time, delays or changes in state title processing, and changes in direct repair procedures that would reduce the number of newer, less damaged total-loss vehicles, which tend to have higher salvage values. In addition, our salvage auction business depends on a limited number of key insurance companies to supply the salvage vehicles we sell at auction. Our agreements with various insurance company suppliers are generally subject to cancellation by either party upon 30 to 90 days notice. There can be no assurance that our existing agreements will not be cancelled or that we will be able to enter into future agreements with these suppliers. Future decreases in the quality and quantity of vehicle inventory, and in particular the availability of newer and less damaged vehicles, could have a material adverse effect on our operating results and financial condition. In addition, in the last few years there has been a declining trend in theft occurrences which reduces the number of stolen vehicles covered by insurance companies for which a claim settlement has been made.

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Our operating results may fluctuate significantly.

Our operating results have in the past and may in the future fluctuate significantly depending on a number of factors, many of which are beyond our control. These factors include, but are not limited to:

- general business conditions, including the availability and quality of used, leased and salvage vehicles and buyer attendance at our vehicle auctions;
- trends in new and used vehicle sales and incentives, including wholesale used vehicle pricing;
- economic conditions including fuel prices, foreign exchange rates and interest rate fluctuations;
- trends in the vehicle remarketing industry;
- the introduction of new competitors;
- laws, regulations and industry standards, including changes in regulations governing the sale of used vehicles, the processing of salvage vehicles and commercial lending activities;
- changes in the market value of vehicles we auction, including changes in the actual cash value of salvage vehicles;
- competitive pricing pressures; and
- costs associated with the acquisition of businesses or technologies.

As a result of the above factors, we believe that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance. Furthermore, revenues for any future quarter are not predictable with any significant degree of accuracy, and our operating results may vary significantly due to our relatively fixed expense levels. Due to these factors, it is possible that in some future quarters our operating results may fall below the expectations of public market analysts and investors.

We assume the settlement risk for all vehicles sold through our auctions.

We do not have recourse against sellers for any buyer s failure to satisfy its debt. Since our revenues for each vehicle do not include the gross sales proceeds, failure to collect the receivables in full may result in a net loss up to the gross sales proceeds on a per vehicle basis in addition to any expenses incurred to collect the receivables and to provide the services associated with the vehicle. Although we take steps to mitigate this risk, if we are unable to collect payments on a large number of vehicles, the resulting payment obligations and decreased fee revenues may have a material adverse effect on our results of operations and financial condition.

Changes in interest rates or market conditions could adversely impact the profitability and business of AFC.

Rising interest rates may have the effect of depressing the sales of used vehicles because many consumers finance their vehicle purchases. In addition, AFC sells the majority of its finance receivable to a special purpose entity, which sells an undivided interest in its finance receivables to a bank conduit facility on a revolving basis. Volatility and/or market disruption in the asset-backed securities market in the U.S. can impact AFC s cost of financing related to; or its ability to arrange financing on acceptable terms through, its securitization conduit, which could

negatively affect AFC s business and our financial condition and operations.

AFC generally charges interest on its floorplan loans based on the prime rate plus a spread. Declining interest rates decrease the interest income earned on AFC s loan portfolio.

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High fuel prices may have an adverse effect on our revenues and operating results, as well as our earnings growth rates.

High fuel prices affect the demand for sport utility and full-sized vehicles which are generally not as fuel efficient as smaller vehicles. In addition, high fuel prices could lead to a reduction in the miles driven per vehicle which may reduce accident rates. Retail sales and accident rates are factors that affect the number of used and salvage vehicles sold at auction, wholesale prices of those vehicles and the conversion rates at used vehicle auctions. Additionally, high fuel costs increase the cost for the transportation and towing of vehicles. We may not be able to pass on such higher costs to the customers who supply vehicles to our auctions.

Weather-related and other events beyond our control may adversely impact operations.

Extreme weather or other events, such as hurricanes, tornadoes, earthquakes, forest fires, floods, terrorist attacks or war, may adversely affect the overall economic environment, the markets in which we compete, our operations and profitability. These events may impact our physical auction facilities, causing a material increase in costs, or delays or cancellation of auction sales, which could have a material adverse impact on our revenues and profitability.

Capacity reductions and uncertain conditions at the major U.S. original equipment manufacturers could negatively impact the industry.

Our financial performance depends, in part, on conditions in the automotive industry. Capacity reductions at the major U.S. original equipment manufacturers are expected to impact the industry and may result in reduced program vehicles and rental fleet sales. In addition, weak growth in or declining new vehicle sales impacts used vehicle trade-ins to dealers and auction volumes. The U.S. original equipment manufacturers have experienced declining market shares in North America and have announced significant restructuring actions in an effort to improve profitability. The U.S. automotive manufacturers are also burdened with substantial structural costs, such as pension and healthcare costs, that have impacted their profitability and labor relations and may ultimately result in severe financial difficulty, including bankruptcy. If U.S. original equipment manufacturers cannot fund their operations, or if other major customers reach a similar level of financial distress, we may incur significant write-offs of accounts receivable.

We may not be able to grow if we are unable to successfully acquire and integrate other auction businesses and facilities.

The used vehicle redistribution industry is considered a mature industry in which low single-digit growth is expected in industry unit sales. Acquisitions have been a significant part of our historical growth and have enabled us to further broaden and diversify our service offerings. Our strategy generally involves the acquisition and integration of additional physical auction sites, technologies and personnel. Acquisition of businesses requires substantial time and attention of management personnel and may also require additional equity or debt financings. Further, integration of newly established or acquired businesses is often disruptive. Since we have acquired or in the future may acquire one or more businesses, there can be no assurance that we will identify appropriate targets, will acquire such businesses on favorable terms, or will be able to successfully integrate such organizations into our business. Failure to do so could materially adversely affect our business, financial condition and results of operations. In addition, we expect to compete against other auction groups or new industry consolidators for suitable acquisitions. If we are able to consummate acquisitions, such acquisitions could be dilutive to earnings, and we could overpay for such acquisitions.

In pursuing a strategy of acquiring other auctions, we face other risks commonly encountered with growth through acquisitions. These risks include, but are not limited to:

- incurring significantly higher capital expenditures and operating expenses;

- entering new markets with which we are unfamiliar;

- incurring potential undiscovered liabilities at acquired auctions;
- failing to maintain uniform standards, controls and policies;
- impairing relationships with employees and customers as a result of management changes; and
- increasing expenses for accounting and computer systems, as well as integration difficulties.

Litigation could have an adverse effect on us.

There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. In addition we could incur substantial costs in defending ourselves or in asserting our rights in such actions. The costs and other effects of pending litigation and administrative actions against us cannot be determined with certainty. Although we currently believe that no such proceedings will have a material adverse effect, there can be no assurance that the outcome of such proceedings will be as expected.

The operation of our auction facilities poses certain environmental risks which could adversely affect our results of operations and financial condition.

Our businesses are subject to regulation by various federal, state and local authorities concerning air quality, water quality, solid wastes and other environmental matters. In the used vehicle redistribution industry, large numbers of vehicles, including wrecked vehicles at salvage auctions, are stored at auction facilities and, during that time, releases of fuel, motor oil and other fluids may occur, resulting in soil, air, surface water or groundwater contamination. In addition, certain of our facilities generate and/or store petroleum products and other hazardous materials which are contained in aboveground or underground storage tanks located at our facilities. Some of our facilities generate waste materials, such as waste solvents or used oils, that are disposed of as non-hazardous or hazardous wastes, and body shops at our facilities may release harmful air emissions associated with painting. We are subject to safety and training regulations as required by local, state and federal law. While we have an environmental and safety compliance program that is administered by our risk management department and includes monitoring, measuring and reporting compliance, establishing safety programs and training our personnel in environmental and safety matters, environmental laws and regulations could become more stringent over time and we may be subject to significant compliance costs in the future.

Any failure by us to obtain required permits or operate within regulations for, control the use of, or adequately restrict the discharge of hazardous or regulated substances or materials under present or future regulations could subject us to substantial liability, require costly cleanup or require changes in remarketing services or auction facilities. We have incurred some expenditures for preventive, investigative or remedial action with respect to contamination or the use of hazardous materials, and could in the future be exposed to additional expenditures. Any liability arising from contamination at our facilities, including contamination by previous users of acquired facilities, the disposal of waste at off-site locations and other aspects of our operations could have a material adverse effect on our operating results and financial condition.

On March 25, 2008, the United States Environmental Protection Agency (EPA) issued a General Notice of Potential Liability pursuant to Section 107(a) and a Request for Information pursuant to Section 104(e) of CERCLA (42 USC 9601 et.seq.) to IAAI for a Superfund site known as the Lower Duwamish Waterway Superfund Site in Seattle, Washington (the LDW). At this time, the EPA has not demanded that IAAI pay any funds or take any action apart from responding to the Section 104(e) Information Request. IAAI s liability, if any, cannot be estimated at this time and therefore we cannot conclude that the impact will not be material. A further discussion of this matter can be found in the Legal section of this prospectus.

We face significant competition.

We face significant competition for the supply of used and salvage vehicles and for the buyers of those vehicles. While competition in the used vehicle inventory floorplan financing sector is diverse and fragmented, competition is also strong in that sector. We face current or potential competition from four primary sources: (i) direct competitors, (ii) potential entrants, (iii) potential new vehicle remarketing venues and dealer financing

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services and (iv) existing alternative vehicle remarketing venues. In both the vehicle auction and dealer financing businesses, both we and our competitors are working to develop new services and technologies, or improvements and modifications to existing services and technologies. Some of these competitors may have greater financial and marketing resources than we do, and may be able to respond more quickly to new or emerging services and technologies, evolving industry trends and changes in customer requirements, and devote greater resources to the development, promotion and sale of their services. In our salvage auction business, potential competitors include used car auction companies, providers of claims software to insurance companies, certain salvage buyer groups and insurance companies, some of which currently supply auto salvage to us. While most insurance companies have abandoned or reduced efforts to sell salvage vehicles without the use of service providers such as us, they may in the future decide to dispose of their salvage directly to end users. Increased competition could result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our business and results of operations. There can be no assurance that we will be able to compete successfully against current and future competitors or that competitive pressures faced by us would not have a material adverse effect on our business and results of operations. We may not be able to compete successfully against current or future competitors, which could impair our ability to grow and achieve or sustain profitability.

Our business is dependent on information and technology systems. Failure to effectively maintain or update these systems could result in us losing customers and materially adversely affect our operating results and financial condition.

Robust information systems are critical to our operating environment and competitive position. We may not be successful in structuring our information system infrastructure or developing, acquiring or implementing information systems which are competitive and responsive to the needs of our customers and we might lack sufficient resources to continue to make the significant necessary investments in information systems to compete with our competitors. Certain information systems initiatives that management considers important to our long-term success will require substantial capital investment, have significant risks associated with their execution, and could take several years to implement.

For example our ability to provide cost-effective salvage vehicle processing solutions to our customers depends in part on our ability to effectively utilize technology to provide value-added services to our customers. We recently implemented a web-based operating system that allows us to offer hybrid live/Internet auctions and to provide vehicle tracking systems and real-time status reports for our insurance company customers benefit, and to support and streamline vehicle registration and tracking, financial reporting, transaction settlement, vehicle title transfer and branch/headquarters communications. Our ability to provide the foregoing services depends on our capacity to store, retrieve and process data, manage significant databases, and expand and periodically upgrade our information processing capabilities. As we continue to grow, we will need to continue to make investments in new and enhanced information and technology systems. Interruption or loss of our information processing capabilities or adverse consequences from implementing new or enhanced systems could have a material adverse effect on our operating results and financial condition. As our information system providers revise and upgrade their hardware, software and equipment technology, we may encounter difficulties in integrating these new technologies into our business.

Although we have experienced no significant breaches of network security by unauthorized persons, our systems may be subject to infiltration by unauthorized persons. If our systems or facilities were infiltrated and damaged by unauthorized persons, there could be a significant interruption to our ability to provide many of our electronic and web-based services to our customers. If that were to occur, it could have a material adverse effect on our operating results and financial condition.

Increased use of online wholesale auctions may diminish our supply of vehicles.

Online auctions or other methods of redistribution may diminish both the quality and quantity as well as reduce the value of vehicles sold through traditional auction facilities. Although we offer online auctions and services as part of standard service offerings, we cannot predict what portion of overall sales will be conducted through online auctions or other redistribution methods in the future and what impact this may have on our auction facilities.

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A portion of our net income is derived from Canada, which exposes us to foreign exchange and other risks.

Fluctuations between U.S. and Canadian currency values may adversely affect our results of operations and financial position. In addition, there may be tax inefficiencies in repatriating cash from Canada. For the year ended December 31, 2008, approximately 17% of our revenues were attributable to our Canadian operations. A decrease in the value of the Canadian currency relative to the U.S. dollar could reduce our profits from Canadian operations and the value of the net assets of our Canadian operations when reported in U.S. dollars in our financial statements. This could have a material adverse effect on our business, financial condition or results of operations as reported in U.S. dollars.

In addition, fluctuations in currencies relative to currencies in which the earnings are generated may make it more difficult to perform period-to-period comparisons of our reported results of operations. For purposes of accounting, the assets and liabilities of our Canadian operations, where the local currency is the functional currency, are translated using period-end exchange rates, and the revenues and expenses of our Canadian operations are translated using average exchange rates during each period. Translation gains and losses are reported in Accumulated other comprehensive income/loss as a component of stockholders equity.

We have a material amount of goodwill which, if it becomes impaired, would result in a reduction in our net income.

Goodwill is the amount by which the cost of an acquisition accounted for using the purchase method exceeds the fair value of the net assets acquired. Current accounting standards require that goodwill no longer be amortized but instead be periodically evaluated for impairment based on the fair value of the reporting unit. A significant percentage of our total assets represent goodwill. Declines in our profitability may impact the fair value of our reporting units, which could result in a write-down of goodwill and a reduction in net income.

In light of the overall economy and in particular the automotive finance industries which continue to face severe pressures, AFC and its customer dealer base have been negatively impacted. In addition, AFC has been negatively impacted by reduced interest rate spreads. As a result of reduced interest rate spreads and increased risk associated with lending in the automotive industry, AFC has tightened credit policies and experienced a decline in its portfolio of finance receivables. These factors contributed to lower operating profits and cash flows at AFC for 2008 compared to 2007. Based on that trend, the forecasted performance was revised. As a result, in the third quarter of 2008, a noncash goodwill impairment charge of approximately $161.5 million was recorded in the AFC reporting unit.

We still have approximately $1.5 billion of goodwill on our consolidated balance sheet that could be subject to impairment. We could be required to recognize additional impairments in the future and such an impairment charge could have a material adverse effect on the financial position and results of operations in the period of recognition.

We are partially self-insured for certain losses.

We self-insure a portion of employee medical benefits under the terms of our employee health insurance program, as well as a portion of our automobile, general liability and workers compensation claims. We record an accrual for the claims expense related to our employee medical benefits, automobile, general liability and workers compensation claims based upon the expected amount of all such claims. While we believe these estimates are reasonable based on the information currently available, if actual claims are higher than anticipated, our accrual might be insufficient to cover the claims costs, which would have an adverse impact on the operating results in that period.

Our ability to operate successfully could be impaired if we fail to attract and retain key personnel.

Our success depends in large part on the performance of our executive management team and other key employees, including key field personnel. If we lose the services of one or more of our executive officers or key employees, we may not be able to implement our business strategies and our business could suffer. We may have

difficulty in retaining and attracting customers, developing new services, negotiating favorable agreements with customers and providing acceptable levels of customer service. Leadership changes will occur from time to time and we cannot predict whether significant resignations will occur. While we have employment agreements with certain of our executive officers, there can be no assurance that they will serve the term of their employment agreements or renew their employment agreements upon expiration. We do not currently expect to obtain key person insurance on any of our executive officers. In addition, if we fail to attract other qualified personnel, our business prospects could be materially adversely affected.

We may not successfully implement our business strategies or realize our expected cost savings and revenue enhancements.

We may not be able to fully implement our business strategies or realize our expected cost savings, in whole or in part, or within the time frames anticipated. In addition, there can be no assurance that we will achieve our expected revenue synergies, including incremental buyer payment revenue. Our cost savings, efficiency improvements and pricing strategies are subject to significant business, economic and competitive uncertainties, many of which are beyond our control. We are pursuing strategic initiatives that management considers critical to our long-term success, including substantial near-term capital investment in e-business, information technology, facility relocations and expansions, as well as operating initiatives designed to enhance overall efficiencies. These initiatives involve substantial capital investment, have significant risks associated with their execution, and could take several years to yield any direct monetary benefits. Committing a large amount of capital over a lengthy time horizon could result in significant business interruption and loss of key customers during the transitional period, as well as cost overruns and delays which may impact our results of operations. Accordingly we cannot predict whether we will succeed in implementing these strategic initiatives.

Additionally, our business strategy may change from time to time. As a result, we may not be able to achieve our expected results of operations and our actual income, operating cash flow and EBITDA may be negatively affected and may be materially lower than the results which are discussed elsewhere in this prospectus.

We are dependent on good labor relations.

We have employees located in the U.S., Canada and Mexico. In addition to the workforce of employees, we also utilize temporary labor services to assist in handling the vehicles consigned during periods of peak volume. Many of our employees, both full- and part-time, are unskilled, and in periods of strong economic growth, we may find it difficult to compete for sufficient unskilled labor. If we are unable to maintain a full- or part-time workforce or the necessary relationships with third-party providers, our operations may be adversely affected. Currently, none of our employees participate in collective bargaining agreements.

In addition, auctioneers at our auctions are highly skilled individuals who are essential to the successful operation of our auction business. Nearly all of our auctioneers are independent contractors who provide their services for a daily or weekly rate. If we are unable to retain a sufficient number of experienced auctioneers, our operations may be adversely affected.

We are subject to extensive governmental regulations, including vehicle brokerage and auction laws and currency reporting obligations. Failure to comply with laws or regulations could have a material adverse effect on our operating results and financial condition.

Our operations are subject to regulation, supervision and licensing under various U.S. and Canadian federal, state, provincial and local authorities, agencies, statutes and ordinances. The acquisition and sale of used, leased, totaled and recovered theft vehicles is regulated by state or other local motor vehicle departments in each of the locations in which we operate. Changes in law or governmental regulations or interpretations of existing law or regulations could result in increased costs, reduced vehicle prices and decreased profitability for us. In addition to the regulation of sales and acquisitions of vehicles, we are also subject to various local zoning requirements with regard to the location of our auction and storage facilities, which requirements vary from location to location, to

lending laws and regulations and to currency reporting obligations. Failure to comply with present or future regulations or changes in existing regulations could have a material adverse effect on our operating results and financial condition. For a further discussion of the vehicle regulations applicable to our businesses, see Business Regulation.

New accounting pronouncements or new interpretations of existing standards could require us to make adjustments to accounting policies that could adversely affect the financial statements.

The Financial Accounting Standards Board, or the FASB, the Public Company Accounting Oversight Board, the SEC, and other accounting organizations or governmental entities from time to time issue new pronouncements or new interpretations of existing accounting standards that require changes to our accounting policies and procedures. To date, we do not believe any new pronouncements or interpretations have had a material adverse effect on our financial condition or results of operations, but future pronouncements or interpretations could require the change of policies or procedures.

ADESA may be subject to risks in connection with its former relationship with and separation from ALLETE.

ADESA and ALLETE, Inc., ADESA s former parent company, entered into a tax sharing agreement, effective on the date of the spin-off, which governs ALLETE s and ADESA s respective rights, responsibilities and obligations after the spin-off with respect to taxes for the periods ending on or before the spin-off. Under the tax sharing agreement, if the spin-off becomes taxable to ALLETE, ADESA may be required to indemnify ALLETE for any taxes which arise as a result of ADESA s actions or inaction. In addition, ADESA has agreed to indemnify ALLETE for 50 percent of any taxes that do not arise as a result of actions or inaction of either ADESA or ALLETE.

We are, and in the future may be, subject to patent or other intellectual property infringement claims, which could have an impact on our business or operating results due to a disruption in our business operations, the incurrence of significant costs and other factors.

From time to time, we may receive notices from others claiming that we infringed their patent or intellectual property rights, and the number of these claims could increase in the future. Claims of patent infringement could require us to enter into licensing agreements on unfavorable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question, which could require us to change business practices and limit our ability to compete effectively. Even if we believe that the claims are without merit, the claims can be time-consuming and costly to defend and may divert management s attention and resources away from our businesses. If we are required to take any of these actions, it could have an adverse impact on our business and operating results.

We are controlled by the Equity Sponsors, and their interests as equity holders may not be aligned with your interests.

GS Capital Partners VI Fund, L.P., Kelso Investment Associates VII, L.P., Parthenon Investors II, L.P. and Value Act Capital Master Fund, L.P. own, through their respective affiliates, including certain affiliated private equity funds, substantially all of our equity. The Equity Sponsors can elect all of our directors, appoint new management and approve any action requiring the vote of our outstanding common stock, including amendments of our articles of incorporation, mergers or sales of substantially all assets. The directors elected by the Equity Sponsors may be able to make decisions affecting the capital structure, including decisions to issue additional capital stock and incur additional debt. The interests of the equity holders may not in all cases be aligned with the interests of our noteholders. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of our equity holders might conflict with your interests as a noteholder. In addition, our equity holders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to our noteholders.

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Risks Related to the Notes

We have a substantial amount of debt, which could impair our financial condition and adversely affect our ability to react to changes in our business and fulfill our obligations under the Notes.

As of December 31, 2008, our total debt was approximately $2.5 billion and we had $300.0 million of borrowing capacity under our senior secured credit facilities.

Our substantial indebtedness could have important consequences including:

- making it more difficult for us to satisfy our obligations with respect to the Notes;
- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, debt service requirements, execution of our business strategy, acquisitions and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on debt, which would reduce the funds available to us for other purposes, including funding future expansion;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business by limiting our flexibility in planning for, and making it more difficult to react quickly to, changing conditions; and
- exposing us to risks inherent in interest rate fluctuations because some of our borrowings, including borrowings under the senior secured credit facilities, are at variable rates of interest, which could result in higher interest expenses in the event of increases in interest rates.

Restrictive covenants in agreements and instruments governing our debt, including the indentures governing the Notes, may adversely affect our ability to operate our business.

The indentures governing the Notes and the agreement governing our senior secured credit facilities contain, and future debt instruments may contain, various provisions that limit our ability and the ability of our restricted subsidiaries, including ADESA and IAAI, to, among other things:

- incur additional debt;
- provide guarantees in respect of obligations of other persons;
- issue redeemable stock and preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;

- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- incur liens;
- pay dividends or make other payments by our restricted subsidiaries;
- enter into certain transactions with affiliates;
- sell assets and capital stock of our subsidiaries; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

Our senior secured credit facilities are secured, and our bank lenders and future secured creditors have a prior claim on our assets to the extent of the value of the collateral securing their claims. Similarly, holders of the guarantors existing and future secured indebtedness have a prior claim on the guarantors assets that secure such indebtedness.

The Notes and the guarantees will not be secured by any of our assets. Holders of our secured indebtedness and the secured indebtedness of the guarantors will have claims that are prior to claims of holders of the Notes to the extent of the value of the assets securing such indebtedness. We and the guarantors, will be party to senior

secured credit facilities, which will be secured by a significant portion of our assets, including a pledge of all of our capital stock and the capital stock of all of the direct and indirect material domestic subsidiaries and 65% of the capital stock of our first tier foreign subsidiaries. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of the secured indebtedness will have prior claim to our assets that constitute their collateral. Holders of the Notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the Notes. In that event, because the Notes and the guarantees will not be secured by any of our assets, it is possible that our remaining assets might be insufficient to satisfy claims in full.

As of December 31, 2008, the aggregate amount of our senior secured indebtedness, on a consolidated basis, was approximately $1,497.9 million, and $300.0 million was available for additional borrowing under our senior secured credit facilities. We are permitted to borrow substantial additional secured indebtedness in the future under the terms of the indentures.

If our subsidiaries do not make sufficient distributions, we will not be able to make payment on any of our debt, including the Notes. In addition, the structural subordination of the Notes to certain of our subsidiaries liabilities may limit our ability to make payment on the Notes.

We are a holding company with no business operations, sources of income or assets other than ownership interests in our subsidiaries. Because all of our operations are conducted by our subsidiaries, our cash flow and the ability to make payments on our debt, including the Notes, is dependent upon cash dividends and distributions or other transfers from our subsidiaries. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate, and any restrictions imposed by the current and future debt instruments of our subsidiaries.

Some of our subsidiaries, including existing and future foreign subsidiaries, will not guarantee the Notes. The Notes will be structurally subordinated to all existing or future liabilities and preferred equity of these subsidiaries that do not guarantee the Notes. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any such subsidiary, we, as a common equity owner of such subsidiary, and, therefore, holders of our debt, including holders of the Notes, will be subject to the prior claims of such subsidiary s creditors, including trade creditors, and preferred equity holders. As of December 31, 2008, the aggregate amount of liabilities of our subsidiaries that will not guarantee the Notes, including trade and other payables, was $182.3 million. For the twelve months ending December 31, 2008, our subsidiaries that will not guarantee the Notes represented approximately 14.4% of our total assets and approximately 21.4% of our total revenues, in each case before intercompany eliminations.

If we default on obligations to pay our other indebtedness or otherwise fail to comply with covenants in the instruments governing our other indebtedness, we may not be able to make payments on the Notes.

Any default under the agreements governing our indebtedness, including a default under our senior secured credit facilities that is not waived by the required lenders, could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our other indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In addition, the restrictive covenants in our senior secured credit facilities require us to maintain specified financial ratios and satisfy other financial condition tests. A breach of any these financial, operating or other covenants could result in a default. In the event of any such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder, together with accrued and unpaid interest, to be due and payable and the lenders under our senior secured credit facilities could elect to terminate all commitments to extend further credit. If we are unable to repay those amounts, such holders or lenders could institute foreclosure proceedings against our assets, which could force us into bankruptcy or liquidation.

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We require a significant amount of cash to service all of our indebtedness, including the Notes, and to fund planned capital expenditures, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

Our ability to make payments on and refinance debt, including the Notes, and to fund planned capital expenditures depends on our ability to generate cash in the future. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors, some of which are beyond our control. Our business may not generate cash from operations at levels sufficient to permit us to pay principal, premium, if any, and interest on our indebtedness, and our cash needs may increase. If we are unable to generate sufficient cash from operations to service our debt and meet other cash needs we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the Notes. We may not be able to take any of these actions. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, particularly because of our high levels of debt and the restrictions imposed by the agreement governing our senior secured credit facilities and the indenture governing the Notes on our ability to incur additional debt and use the proceeds from asset sales. If we must sell our assets, it may negatively affect our ability to generate revenue. The inability to obtain additional financing could have a material adverse effect on our financial condition and on our ability to meet obligations under the Notes.

If we cannot make scheduled payments on our debt, we would be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under our senior secured credit facilities could terminate their commitments to lend us money and foreclose against the assets securing their borrowings; and
- we could be forced into bankruptcy or liquidation, which could result in us losing our investment in the Notes.

The right to receive payments on the Senior Subordinated Notes is junior to our existing indebtedness and possibly all of our future borrowings. Further, the guarantees of the Senior Subordinated Notes are junior to all of our guarantors existing indebtedness and possibly to all their future borrowings.

The Senior Subordinated Notes and the guarantees thereof rank behind all of our and the guarantors existing indebtedness (other than trade payables) and all of our and the guarantors future borrowings (other than trade payables), except any future indebtedness that expressly provides that it ranks equal with, or subordinated in right of payment to, the Senior Subordinated Notes and the related subsidiary guarantees. As a result, upon any distribution to our creditors or the creditors of the guarantors in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or the guarantors or our or the guarantors property, the holders of our senior debt and that of the guarantors will be entitled to be paid in full and in cash before any payment may be made with respect to the Senior Subordinated Notes or the guarantees thereof.

In addition, all payments on the Senior Subordinated Notes and the guarantees thereof will be blocked in the event of a payment default on certain senior debt and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on certain senior debt.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us or the guarantors, holders of the Senior Subordinated Notes will participate with trade creditors and all other holders of our and the guarantors subordinated indebtedness in the assets remaining after we and the guarantors have paid all of our senior debt. However, because the indenture governing the Senior Subordinated Notes requires that amounts otherwise payable to holders of the senior subordinated notes in a bankruptcy or similar proceeding be paid to holders of senior debt instead, holders of the senior subordinated notes may receive less, ratably, than holders of trade payables in any such proceeding. In any of these cases, we and the guarantors may not have sufficient funds to pay all of our creditors and holders of senior subordinated notes may receive less, ratably, than the holders of our senior debt.

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As of December 31, 2008, we had approximately $2,097.9 million of senior indebtedness, including the Senior Restricted Notes, and $300.0 million was available for borrowing as additional senior debt under our senior secured credit facilities. We are permitted to borrow substantial additional indebtedness, including senior debt, in the future under the terms of the indentures.

We may not be able to repurchase the Notes upon a change of control.

Upon a change of control, as defined in the indentures, subject to certain conditions, we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. The source of funds for that purchase of Notes will be our available cash or cash generated from our subsidiaries operations or other potential sources, including borrowings, sales of assets or sales of equity. We cannot assure that sufficient funds from such sources will be available at the time of any change of control to make required repurchases of Notes tendered. Further, we may be contractually restricted under the terms of our senior secured credit facilities or other future senior indebtedness from repurchasing all of the Notes tendered by holders upon a change of control. Our future debt agreements may contain similar restrictions and provisions. Accordingly, we may not be able to satisfy our obligations to purchase the Notes unless we are able to refinance or obtain waivers under our senior secured credit facilities and any such future debt agreements. Our failure to repurchase the Notes upon a change of control would cause a default under the indenture and a cross-default under our senior secured credit facilities. In addition, certain corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change of control under the indentures.

Fraudulent transfer statutes may limit the rights of a holder of the Notes.

Federal and state fraudulent transfer laws permit a court, if it makes certain findings, to:

- void all or a portion of our obligations to holders of the Notes;
- subordinate our obligations to holders of the Notes to our other existing and future indebtedness, entitling other creditors to be paid in full before any payment is made on the Notes; and
- take other action detrimental to holders of the Notes, including invalidating the Notes.

In that event, we cannot assure that the holder would ever be repaid.

Under federal and state fraudulent transfer laws, in order to take any of those actions, courts will typically need to find that, at the time the Notes were issued, we:

(1) issued the Notes with the intent of hindering, delaying or defrauding current or future creditors; or

(2) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by the Notes; and

(a) were insolvent or were rendered insolvent by reason of the issuance of the Notes;

(b) were engaged, or were about to engage, in a business or transaction for which our assets were unreasonably small; or

(c) intended to incur, or believed or should have believed we would incur, debts beyond our ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those fraudulent transfer statutes. A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the Notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the Notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or

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satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

The measure of insolvency for purposes of the foregoing considerations will vary depending on the law of the jurisdiction that is being applied in any such proceeding. Generally, a company would be considered insolvent if, at the time it incurred the debt:

- the sum of its debts (including contingent liabilities) is greater than its assets, at fair valuation;
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured; or
- it could not pay its debts as they become due.

We cannot assure you what standard a court would apply in determining our solvency and whether it would conclude that we were solvent when we incurred our obligations under the Notes.

Our obligations under the Notes are guaranteed by all of our direct and indirect restricted subsidiaries that guarantee indebtedness under our senior secured credit facilities, and the guarantees may also be subject to review under various laws for the protection of creditors. It is possible that creditors of the guarantors may challenge the guarantees as a fraudulent transfer or conveyance. The analysis set forth above would generally apply, except that the guarantees could also be subject to the claim that, because the guarantees were incurred for the benefit of the issuer, and only indirectly for the benefit of the guarantors, the obligations of the guarantors thereunder were incurred for less than reasonably equivalent value or fair consideration. A court could void a guarantor s obligation under its guarantee, subordinate the guarantee to the other indebtedness of a guarantor, direct that holders of the Notes return any amounts paid under a guarantee to the relevant guarantor or to a fund for the benefit of its creditors, or take other action detrimental to the holders of Notes. In addition, the liability of each guarantor under the indenture will be limited to the amount that will result in its guarantee not constituting a fraudulent conveyance or improper corporate distribution, and there can be no assurance as to what standard a court would apply in making a determination as to what would be the maximum liability of each guarantor.

We do not know if a market will be sustained for the Notes.

We have not and do not intend to apply for listing or quotation of any series of Notes on any securities exchange or stock market. The liquidity of any market for the Notes depends on a number of factors, including:

- the number of holders of Notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of federal securities laws and which are subject to certain risks, trends and uncertainties. In particular, statements made in this prospectus that are not historical facts (including, but not limited to, expectations, estimates, assumptions and projections regarding the industry, business, future operating results, potential acquisitions and anticipated cash requirements) may be forward-looking statements. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, and si expressions identify forward-looking statements. Such statements, including statements regarding our future growth; anticipated cost savings, revenue increases and capital expenditures; strategic initiatives such as selective relocations, greenfields and acquisitions; our competitive position; and our continued investment in information technology are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to:

- fluctuations in consumer demand for and in the supply of used, leased and salvage vehicles and the resulting impact on auction sales volumes, conversion rates and loan transaction volumes;
- trends in new and used vehicle sales and incentives, including wholesale used vehicle pricing;
- the ability of consumers to lease or finance the purchase of new and/or used vehicles;
- the ability to recover or collect from delinquent customers;
- economic conditions including fuel prices, foreign exchange rates and interest rate fluctuations;
- trends in the vehicle remarketing industry;
- changes in the volume of vehicle production, including capacity reductions at the major original equipment manufacturers;
- the introduction of new competitors;
- laws, regulations and industry standards, including changes in regulations governing the sale of used vehicles, the processing of salvage vehicles and commercial lending activities;
- changes in the market value of vehicles auctioned, including changes in the actual cash value of salvage vehicles;
- competitive pricing pressures;
- costs associated with the acquisition of businesses or technologies;

- litigation developments;
- our ability to successfully implement our business strategies or realize expected cost savings and revenue enhancements;
- our ability to develop and implement information systems responsive to customer needs;
- business development activities, including acquisitions and integration of acquired businesses;
- weather;
- general business conditions; and
- other risks described from time to time.

Many of these risk factors are outside of our control, and as such, they involve risks which are not currently known that could cause actual results to differ materially from those discussed or implied herein. The forward-looking statements in this document are made as of the date on which they are made and we do not undertake to update our forward-looking statements.

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Our future growth depends on a variety of factors, including our ability to increase vehicle sold volumes and loan transaction volumes, acquire additional auctions, manage expansion, relocation and integration of acquisitions, control costs in our operations, introduce fee increases, expand our product and service offerings including information systems development and retain our executive officers and key employees. Certain initiatives that management considers important to our long-term success include substantial capital investment in e-business, information technology, facility relocations and expansions, as well as operating initiatives designed to enhance overall efficiencies, have significant risks associated with their execution, and could take several years to yield any direct monetary benefits. Accordingly, we cannot predict whether our growth strategy will be successful. In addition, we cannot predict what portion of overall sales will be conducted through online auctions or other redistribution methods in the future and what impact this may have on our auction business.

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USE OF PROCEEDS

This prospectus is delivered in connection with offers and sales of notes by Goldman, Sachs & Co. in market-making transactions. We will not receive any proceeds from these transactions.

RATIO OF EARNINGS TO FIXED CHARGES

The table below sets forth our ratio of earnings to fixed charges on a historical and pro forma basis for the periods indicated. The ratios below show the extent to which our business generates enough earnings after the payment of all expenses after interest to make required interest payments on our debt. For purposes of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before taxes and fixed charges. Fixed charges consist of interest, whether expensed or capitalized, amortization of expenses related to indebtedness and an estimate of the interest within rental expense.

KAR Holdings

Year ended December 31, 2007	Pro forma year ended December 31, 2007	Year ended December 31, 2008
(1)	(1)	(1)

ADESA[2]

Year ended December 31, 2004	2005	2006	January 1, 2007 to April 19, 2007
6.5x	6.2x	6.8x	6.1x

Insurance Auto Auctions, Inc.[3]

Year ended December 31, 2004	December 27, 2004 through May 25, 2005	May 26, 2005 through December 25, 2005	Year ended December 31, 2006	January 1, 2007 to April 19, 2007
3.0x	2.1x	(4)	(5)	1.1x

(1) The amount of deficiency was $48.3 million, $43.2 million and $247.6 million for the year ended December 31, 2007, the pro forma year ended December 31, 2007, and the year ended December 31, 2008, respectively.

(2) Fixed charges for 2005 include incremental interest expense compared to 2004 of $7.9 million incurred in the first half of 2005 resulting from ADESA s recapitalization and transition to an independent public company in 2005. Fixed charges for 2004 include incremental interest expense compared to 2003 of $8.7 million resulting from ADESA s recapitalization in June 2004.

(3) On February 22, 2005, IAAI entered into a merger agreement with Axle Merger Sub, Inc. and Axle Holdings, Inc. On May 25, 2005, Axle Merger Sub, Inc. merged with and into IAAI, with IAAI continuing as the surviving corporation, and IAAI became a direct wholly owned subsidiary of Axle Holdings, Inc., which is owned by Axle Holdings II, LLC (which is controlled by affiliates of Kelso). This merger and the related transactions resulted in additional debt and a new basis of accounting under SFAS 141. The ratio of earnings to fixed charges for periods ending on or prior to May 25, 2005 generally will not be comparable with the ratio for periods after that date.

(4) The amount of deficiency was $6.8 million.

(5) The amount of deficiency was $8.9 million.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2008. You should read the data set forth in the table below in conjunction with the Unaudited Pro Forma Consolidated Financial Data, Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the historical consolidated financial statements and accompanying notes thereto appearing elsewhere in this prospectus.

	As of December 31, 2008 (in millions)
Available cash and cash equivalents(1)	$ 88.9
Debt:	
Revolving credit facility(2)	
Term loan B	1,497.9
Floating Rate Senior Notes	150.0
8 3/4% Senior Notes	450.0
10% Senior Subordinated Notes	425.0
Canadian line of credit	4.5
Total debt	2,527.4
Total shareholders equity	750.7
Total capitalization	$ 3,278.1

(1) Available cash and cash equivalents excludes cash in transit.

(2) Provides for up to $300.0 million of borrowings. See Description of Other Indebtedness Senior Secured Credit Facilities.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma consolidated financial data for the year ended December 31, 2007 is based on ADESA and IAAI s audited financial statements for the periods from January 1, 2007 to April 19, 2007 and KAR Holdings audited financial statements for the period from January 1, 2007 to December 31, 2007, as adjusted to give effect to the Transactions. The unaudited pro forma consolidated statement of operations data for the year ended December 31, 2007 give effect to the Transactions as if they had been consummated on January 1, 2007.

The unaudited pro forma consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Selected Historical Consolidated Financial Data, the consolidated financial statements and related notes and other financial information appearing elsewhere in this prospectus.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma consolidated financial statements are presented for informational purposes only. The unaudited pro forma consolidated financial statements do not purport to represent what results of operations would have been had the Transactions actually occurred on the dates indicated and they do not purport to project results of operations for any future period. All pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma consolidated statement of operations.

Unaudited Pro Forma Consolidated Statement of Operations

For the Year Ended December 31, 2007

(Dollars in millions)	KAR Holdings January 1, 2007 to December 31, 2007(f)	ADESA January 1, 2007 to April 19, 2007	IAAI January 1, 2007 to April 19, 2007	Transactions Pro Forma Adjustments	Combined Pro Forma January 1, 2007 to December 31, 2007
Statement of Operations Data:					
Net revenues	$ 1,102.8	$ 371.3	$ 114.8	$	$ 1,588.9
Cost of goods sold	627.4	187.3	76.5		891.2
Gross profit	475.4	184.0	38.3		697.7
Selling, general & administrative expenses	242.4	85.5	19.5	0.8(a)	348.2
Depreciation & amortization	126.6	15.9	7.9	25.7(b)	176.1
Transaction expenses		24.8		(24.8)(c)	
Operating income	106.4	57.8	10.9	(1.7)	173.4
Interest expense	162.3	7.8	10.0	46.2(d)	226.3
Other expense (income)	(7.6)	(1.9)	(0.2)		(9.7)
Income (loss) before income taxes	(48.3)	51.9	1.1	(47.9)	(43.2)
Income taxes	(10.0)	24.9	1.5	(33.8)(e)	(17.4)
Net (loss) income from cont. operations	$ (38.3)	$ 27.0	$ (0.4)	$ (14.1)	$ (25.8)

(a) Reflects the net adjustment to selling, general and administrative expense for January 1 through April 19 for the annual sponsor financial advisory fees.

(b) Represents pro forma depreciation and amortization for January 1 through April 19 resulting from our revalued assets.

(c) Represents legal and professional fees as well as accelerated incentive compensation costs associated with the Transactions.

(d) Represents pro forma interest expense for January 1 through April 19 resulting from our new capital structure.

(e) Represents the estimated tax effect of the pro forma adjustments, calculated at a rate consistent with the post-merger rate.

(f) We were incorporated on November 9, 2006, but had no operations until the consummation of the Transactions on April 20, 2007.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Unaudited Pro Forma Consolidated Financial Data, the consolidated financial statements of KAR Holdings and related notes, the consolidated financial statements of ADESA and related notes, the consolidated financial statements of IAAI and related notes, and other financial information included elsewhere in this prospectus.

Selected Historical Data of KAR Holdings

For the Years Ended December 31, 2007 and 2008

The following consolidated financial data for the years ended December 31, 2007 and 2008 is based on our audited financial statements. We were incorporated on November 9, 2006, but had no operations in 2006 or for the period of January 1 through April 19, 2007. On April 20, 2007, we consummated a merger agreement with ADESA, Inc. and as part of the agreement, IAAI was combined with ADESA. Both ADESA and IAAI became our wholly owned subsidiaries.

(Dollars in millions except where otherwise noted.)

	Year ended December 31, 2007(1)	Year ended December 31, 2008
Operations:		
Operating revenues		
ADESA Auction Services	$ 677.7	$ 1,123.4
IAAI Salvage Services	330.1	550.3
AFC	95.0	97.7
Total operating revenues	$ 1,102.8	1,771.4
Operating expenses (exclusive of depreciation and amortization and impairment charges)	869.8	1,436.7
Goodwill and other intangibles impairment		164.4
Operating profit (loss)	106.4	(12.5)
Interest expense	162.3	215.2
Loss from continuing operations	(38.3)	(216.2)
Net loss income	(38.3)	(216.2)

	At December 31, 2007	At December 31, 2008
Financial Position:		
Working capital	$ 442.1	$ 304.3
Total assets	4,530.8	4,157.6
Total debt	2,616.7	2,527.4
Total stockholders equity	1,013.6	750.7

	Year ended December 31, 2007(1)	Year ended December 31, 2008
Other Financial Data:		
Net cash provided by operating activities	$ 96.8	$ 224.9
Capital expenditures	62.7	129.6
Depreciation and amortization	126.6	182.8

(1) The Company had no operations prior to the Transactions on April 20, 2007; as such, this data represents the period from April 20, 2007 through December 31, 2007.

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Selected Historical Data of ADESA

For the Years Ended December 31, 2004, 2005 and 2006

and for the period January 1 through April 19, 2007

The selected historical financial data of ADESA for the year ended December 31, 2006, for the period January 1 through April 19, 2007 and as of April 19, 2007 has been derived from the audited financial statements included elsewhere in this prospectus. The historical financial data for the years ended December 31, 2004 and 2005 and as of December 31, 2004, 2005 and 2006 presented below has been derived from our audited financial statements that are not included in this prospectus. Certain amounts reported in previous periods have been reclassified to conform to the current presentation.

In 2006, ADESA incurred a charge representing a reduction of ownership interests in aircraft and other costs associated with the termination of a Joint Aircraft and Ownership Management Agreement with ALLETE. In the fourth quarter 2006, ADESA incurred transaction expenses consisting primarily of legal and professional fees associated with the merger. In addition, ADESA incurred various charges and incremental expenses in 2004 and 2005 related to its initial public offering of its common stock and a registered public offering of its unsecured 7 5/8% senior subordinated notes, subsequent separation from ALLETE and subsequent restructuring of its debt that affect the comparability of its reported results of operations. As a result of these transactions and the transition to an independent public company, 2004, 2005 and 2006 operating results may not be comparable to previous periods or ongoing operations. See the footnotes below for the amounts and descriptions of the various transactions and incremental expenses incurred by ADESA in 2004, 2005 and 2006.

(Dollars in millions except where otherwise noted.)

	For the year ended December 31,			January 1 - April 19,
	2004(1)	2005(2)	2006(3)	2007
Operations:				
Operating revenues				
Auction services group	$ 808.9	$ 842.8	$ 959.9	$ 325.4
Dealer services group	116.6	126.0	144.0	45.9
Total operating revenues	$ 925.5	$ 968.8	$ 1,103.9	$ 371.3
Operating expenses (exclusive of depreciation and amortization)	676.6	700.6	832.5	297.6
Operating profit	213.0	227.4	224.9	57.8
Interest expense	25.4	31.2	27.4	7.8
Loss on extinguishment of debt	14.0	2.9		
Income from continuing operations	109.0	126.1	126.8	27.0
Net income	105.3	125.5	126.3	26.9
Basic earnings per share from continuing operations	$ 1.19	$ 1.40	$ 1.41	$ 0.30
Diluted earnings per share from continuing operations	$ 1.19	$ 1.40	$ 1.41	$ 0.29
Cash dividends declared per share	$ 0.075	$ 0.30	$ 0.30	$

	December 31,			April 19,
	2004	2005	2006	2007
Financial Position:				
Working capital (deficit)	$ 358.2	$ 302.0	$ 325.2	$ 381.3
Total assets	1,915.0	1,945.5	1,975.3	2,219.5
Total debt	516.1	432.5	352.5	345.0
Total stockholders equity	1,011.4	1,089.9	1,203.5	1,238.7

	For the year ended December 31,			January 1 - April 19,
	2004	2005	2006	2007
Other Financial Data:				
Net cash provided by operating activities	$ 175.5	$ 136.5	$ 190.9	$ 14.9
Capital expenditures	31.2	55.3	37.1	11.3
Depreciation and amortization	35.9	40.8	46.5	15.9
Ratio of earnings to fixed charges(4)	6.5x	6.2x	6.8x	6.1x

(1) 2004 operations include:

Transaction costs totaling $3.0 million ($1.8 million after-tax). Transaction costs consist primarily of legal and professional fees associated with ADESA s initial public offering and separation from ALLETE.

Loss on extinguishment of debt totaling $14.0 million ($8.5 million after-tax). The loss on extinguishment of debt consists of an early termination penalty related to the prepayment of ADESA s senior notes and the write-off of related unamortized debt issuance costs.

Incremental corporate expenses compared to 2003, of $11.9 million ($7.3 million after-tax). Incremental corporate expenses consist of salaries, benefits and other expenses due to the addition of corporate level personnel, professional fees, incremental insurance and other costs necessary to support an independent public company.

Incremental interest expense compared to 2003, of $8.7 million ($5.3 million after-tax) resulting from ADESA s recapitalization in June of 2004.

(2) 2005 operations include:

Loss on extinguishment of debt totaling $2.9 million ($1.8 million after-tax). The loss on extinguishment of debt consists of a charge for the write-off of certain unamortized debt issuance costs associated with ADESA s June 2004 credit facility and certain expenses related to the amended and restated credit facility.

Gain on termination of swap of $0.5 million ($0.3 million after-tax). The interest rate swap agreement related to ADESA s former Term Loan B facility was terminated in the third quarter of 2005.

Incremental corporate expenses compared to 2004, of $3.9 million ($2.4 million after-tax). Incremental corporate expenses were incurred in the first half of 2005 and consisted of salaries, benefits and other expenses due to the addition of corporate level personnel, professional fees, incremental insurance and other costs necessary to support an independent public company.

Incremental interest expense compared to 2004, of $7.9 million ($4.8 million after-tax) incurred in the first half of 2005 resulting from ADESA s recapitalization and transition to an independent public company.

(3) 2006 operations include:

Loss on termination of aircraft agreement with ALLETE totaling $3.4 million ($2.1 million after-tax). ADESA received notice of ALLETE s election to terminate the Joint Aircraft Ownership and Management Agreement on November 2, 2006. As a result, ADESA recorded a non-cash pretax charge of $3.4 million representing a reduction of ownership interests in the aircraft and other costs associated with the termination of the agreement.

Transaction expenses totaling $6.1 million ($5.1 million after-tax). In 2006, ADESA entered into a merger agreement to be acquired by a group of private equity funds. The transaction expenses consist primarily of legal and professional fees associated with the pending merger.

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(4) For purposes of determining the ratio of earnings to fixed charges, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt issuance costs which are charged to interest expense and a reasonable approximation of the interest factor related to operating leases. Fixed charges for 2005 include incremental interest expense compared to 2004 of $7.9 million incurred in the first half of 2005 resulting from ADESA s recapitalization and transition to an independent public company. Fixed charges for 2004 include incremental interest expense compared to 2003 of $8.7 million resulting from ADESA s recapitalization in June 2004.

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Selected Historical Data of IAAI

For the Fiscal Years Ended 2004, 2005 and 2006

and for the period January 1, through April 19, 2007

The statement of operations data of IAAI for 2006 and for the period January 1, through April 19, 2007, and the balance sheet data as of April 19, 2007 has been derived from the audited consolidated financial statements included elsewhere in this prospectus. The statement of operations data for 2004 and 2005 as well as the balance sheet data for 2004, 2005 and 2006 has been derived from audited consolidated financial statements not included in this prospectus.

IAAI s consolidated financial statements for the periods subsequent to the merger in 2005 of Axle Merger Sub, Inc. with and into IAAI, which resulted in affiliates of Kelso & Company controlling IAAI (the 2005 Acquisition), reflect a new basis of accounting incorporating the fair value adjustments made in recording the 2005 Acquisition and the related transactions, while the periods prior to the 2005 Acquisition reflect IAAI s historical cost basis. Accordingly, the accompanying selected financial data and other data as of dates and for periods ending on or prior to May 24, 2005 are labeled as predecessor, and the accompanying selected financial data and other data as of and for periods beginning after the date of the 2005 Acquisition are labeled as successor.

IAAI s fiscal year 2006 consisted of 53 weeks and ended on December 31, 2006. IAAI s fiscal years 2005 and 2004 each consisted of 52 weeks and ended on December 25, 2005 and December 26, 2004, respectively.

	Predecessor		**Successor**		
	December 26, 2004	**December 27, 2004 - May 24, 2005**	**May 25, 2005 - December 25, 2005**	**December 31, 2006**	**January 1, - April 19, 2007**
			(dollars in thousands)		
Selected Statement of Operations Data:					
Revenues	$ 240,179	$ 120,445	$ 160,410	$ 331,950	$ 114,788
Earnings (loss) from operations	20,909	2,584	7,909	22,581	10,985
Net earnings (loss).	$ 12,265	$ (440)	$ (5,434)	$ (7,179)	$ (370)

	Predecessor		**Successor**	
	2004	**2005**	**2006**	**April 19, 2007**
		(dollars in thousands)		
Selected Balance Sheet Data (at period end):				
Cash and cash equivalents	$ 13,325	$ 25,882	$ 14,040	$ 13,039
Working capital	16,881	52,002	49,973	53,798
Total assets	298,979	514,860	588,021	582,751
Total debt(1)	24,642	265,022	344,842	344,242
Current debt(1)	14,606	1,510	2,247	2,167
Long-term debt(1)	10,036	263,512	342,595	342,075
Total shareholders equity	202,651	144,024	137,576	139,927

(1) Includes capital leases

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Selected Historical Consolidated Financial Data and the consolidated financial statements and notes thereto included elsewhere in this prospectus. The following discussion and analysis of financial condition and results of operations contains forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. The actual results could differ materially from those discussed in or implied by forward-looking statements for various reasons including those discussed in Risk Factors and Forward-Looking Statements. Refer to Risk Factors for a further discussion of some of the factors that affect or could affect the business, operating results and financial condition.

The Transactions, as described in Summary The Transactions, resulted in a new basis of accounting under SFAS No. 141. This change creates many differences between reporting for KAR Holdings post-merger, as successor, and ADESA and IAAI independently pre-merger. The ADESA and IAAI financial data for periods ending on or prior to April 19, 2007, generally will not be comparable to the successor financial data for periods after that date. The merger resulted in us having an entirely new capital structure, which results in significant differences between ADESA and IAAI pre-merger and KAR Holdings post-merger in the stockholders equity sections of the financial statements. In addition, the successor incurred debt issuance costs and $2,590 million of debt in connection with the merger. The $662.6 million of debt related to ADESA s and IAAI s credit facilities and notes was paid off in connection with the merger and contribution ($318.0 million for ADESA and $344.6 million for IAAI). As a result, interest expense, debt and debt issuance costs are not comparable between the pre-merger and the post-merger companies. Certain adjustments have been made to increase or decrease the carrying amount of assets and liabilities as a result of estimates and certain reasonable assumptions, which, in certain instances, has resulted in changes to amortization and depreciation expense amounts.

KAR Holdings, Inc.

Executive Overview

Business

We are the only auction services provider in North America with leading market positions in both the whole car auction and salvage auction markets. The business is divided into three reportable business segments that are integral parts of the vehicle redistribution industry: ADESA Auctions, IAAI and AFC. The ADESA Auctions segment consists primarily of ADESA s used vehicle auctions and is the second largest used vehicle auction network in North America with 61 ADESA sites as of March 15, 2009. ADESA Auctions also provides services such as inbound and outbound logistics, reconditioning, vehicle inspection and certification, titling and administrative services.

The IAAI segment consists of salvage vehicle auctions and related services in North America and is a leading provider with 150 sites. The salvage auctions facilitate the redistribution of damaged vehicles that are designated as total losses by insurance companies, recovered stolen vehicles for which an insurance settlement with the vehicle owner has already been made and older model vehicles donated to charity or sold by dealers in salvage auctions. The salvage auction business specializes in providing services such as inbound and outbound logistics, titling and settlement administrative services.

The AFC segment is primarily engaged in the business of providing short-term, inventory-secured financing, known as floorplan financing, to predominantly independent used vehicle dealers. AFC conducts business at 88 loan production offices in the U.S. and Canada.

The holding company is maintained separately from the three reportable segments and includes expenses associated with the corporate office, such as salaries, benefits, and travel costs for the corporate management team, certain human resources, information technology and accounting costs, and incremental insurance, treasury, legal and risk management costs. Holding company interest includes the interest incurred on the corporate debt structure. Costs incurred at the holding company are not allocated to the three business segments.

We believe we are well positioned in both the used vehicle auction and salvage auction industries which have demonstrated long-term stability. We are one of the top three players in most markets in which we operate in an industry with high barriers (facilities, technology and expertise) to entry. ADESA Auctions and IAAI are able to serve the diverse and multi-faceted needs of customers through the wide range of services offered at their facilities. Our business model consistently generates substantial operating cash flow, which can be used to fund growth initiatives with minimal inventory risk.

Overview of 2008 Performance

The unprecedented economic issues that surfaced in 2008 affected us and our subsidiaries. Specifically, we experienced a decline in the demand for used vehicles, a change in the mix of vehicles sold, reduced revenues and the narrowing of interest rate spreads at AFC and fluctuating salvage vehicle values as a result of changing commodity prices and lower used car values. Despite the uncertain and challenging operating environment, we achieved some noteworthy accomplishments during 2008:

- Acquired 18 businesses, expanding our North American operations for both ADESA and IAAI;
- Annual revenues exceeded $1.77 billion;
- Experienced growth in the number of used and salvage vehicles sold;
- Continued to invest in and grow e-business opportunities;
- Completed a sale-leaseback transaction generating net cash proceeds of approximately $80.5 million;

Industry Outlook and Trends

According to ADESA Analytical Services, approximately 9.54 million used vehicles were auctioned in North America in 2007; in 2008, the auction industry sales volume experienced a moderate decrease. Retail used vehicle sales were down approximately 8.9% for the year ended December 31, 2008 as compared with the same period in 2007. New vehicle sales experienced a decline of 18% for the year ended December 31, 2008 compared with the year ended December 31, 2007. A decline in new vehicle sales generally results in a reduction in trade-in volumes at automobile dealers and subsequently used vehicle auction volumes. Despite an increase in the supply of vehicles at auction, we have experienced a significant decrease in demand driven by declining new and used vehicle sales. We believe that the retail used vehicle market is impacted by many factors including new and used vehicle pricing and the overall economy.

Wholesale used vehicle prices averaged $9,022 in December 2008 as compared with $9,739 in December 2007, according to ADESA Analytical Services monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class. Uncertain economic conditions are contributing to consumer decisions, as used vehicle prices were down in all categories in December 2008 compared to December 2007.

Salvage vehicle supplies were strong throughout the industry during 2008, although reduced miles driven, particularly in the third and fourth quarter, somewhat reduced incoming volumes. We believe increased complexity in vehicles contributes to a larger number of insurance claims resulting in a total loss. The percentage of claims resulting in total losses continues at a high level of near 14%. Falling commodity and scrap metal prices, which began in late summer, and lower used car auction prices, combined to cause salvage auction prices to decline in the back half of 2008. Industry volumes may be impacted by increases in fuel prices and the corresponding decline in the number of miles vehicles are being driven.

During 2008, we completed the acquisitions of 17 auction sites, of which 14 are now part of the IAAI segment and three which are now part of the ADESA Auctions segment. The acquisitions expanded our national service coverage and provided additional geographic support to existing markets. In addition, during 2008, ADESA completed the purchase of Live Global Bid, Inc., a leading provider of Internet-based auction software and services.

AFC is a leading provider of floorplan financing to independent used vehicle dealers. The overall economy and in particular the automotive finance industries continue to face severe pressures which have negatively impacted AFC and its customer dealer base. In excess of 4,100 independent dealers closed their doors during 2008, almost a 10 percent reduction in the independent dealer base. During the third and fourth quarters of 2008, used vehicle dealers experienced a significant decline in sales which has resulted in a decrease in loan originations and an increased number of dealers defaulting on their loans and thus increased credit losses for both loans held and sold. The value of recovered collateral on defaulted loans has been impacted to some degree by the volatility in the vehicle pricing market. In addition, AFC operates in a rate-sensitive environment. The declines in the prime rate, volatility in asset-backed commercial paper markets and increased loan losses have led to reduced revenues and the narrowing of interest rate spreads at AFC.

As a result of these current economic conditions, AFC elected to realign and downsize in certain markets in September 2008 including closing five branches and nine other locations as well as other headcount reductions. In addition, over the last several months AFC has implemented a number of strategic initiatives designed to tighten credit standards and reduce risk and exposure in its portfolio of finance receivables. As a result of these initiatives along with the current market conditions, the size of AFC s managed portfolio of finance receivables has decreased significantly over the past year from $847.9 million at December 31, 2007 to $506.6 million at December 31, 2008. We believe these actions will best position AFC to maintain its strong competitive position and ultimately maintain its leadership in the industry. In the first couple of months of 2009, the delinquency rates at AFC have improved compared to December 31, 2008.

In 2008 and to date, significant changes have occurred in the economy which are impacting all of our business segments. Recently, a lack of availability of consumer credit for retail used car buyers, a decline in consumer spending, volatility in the asset-backed commercial paper market, a reduction in the number of independent used car dealers in the United States, reduced miles driven and decreases in commodity prices such as steel and platinum have all negatively impacted us. Despite a consistent supply of used vehicles at auction, we have experienced a challenging operating environment. These trends adversely affected our operating results and business throughout the fourth quarter of 2008 and may continue into 2009.

Financial Information about Segments

Comparative segment revenues and related financial information pertaining to ADESA, IAAI and AFC for the year ended December 31, 2008 and for the period April 20, 2007 through December 31, 2007 are presented in the tables in Note 15, Segment Information, to the consolidated financial statements of KAR Holdings, which is included in this prospectus.

Seasonality

The volume of vehicles sold at our auctions generally fluctuates from quarter to quarter. This seasonality is affected by several factors including weather, the timing of used vehicles available for sale from selling customers, the availability and quality of salvage vehicles, holidays, and the seasonality of the retail market for used vehicles, which affects the demand side of the auction industry. Used vehicle auction volumes tend to decline during prolonged periods of winter weather conditions. In addition, mild weather conditions and decreases in traffic volume can each lead to a decline in the available supply of salvage vehicles because fewer traffic accidents occur, resulting in fewer damaged vehicles overall. As a result, revenues and operating expenses related to volume will fluctuate accordingly on a quarterly basis. The fourth calendar quarter typically experiences lower used vehicle auction volume as well as additional costs associated with the holidays and winter weather.

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Results of Operations

Our revenue is derived from auction fees and related services at our whole car and salvage auction facilities and dealer financing fees and net interest income at AFC. Although auction revenues primarily include the auction services and related fees, our related receivables and payables include the value of the vehicles sold. AFC s net revenue consists primarily of securitization income and interest and fee income less provisions for credit losses. Securitization income is primarily comprised of the gain on sale of finance receivables sold, but also includes servicing income, discount accretion, and any change in the fair value of the retained interest in finance receivables sold. Our operating expenses consist of cost of services, selling, general and administrative expenses and depreciation and amortization. Cost of services is composed of payroll and related costs, subcontract services, supplies, insurance, property taxes, utilities, maintenance and lease expense related to the auction sites and loan offices. Cost of services excludes depreciation and amortization. Selling, general and administrative expenses are composed of payroll and related costs, sales and marketing, information technology services and professional fees.

Prior to April 19, 2007, ADESA, Inc. s operations were grouped into three operating segments: used vehicle auctions, Impact salvage auctions and AFC. These three operating segments were aggregated into two reportable business segments: Auction Services Group (used vehicle auctions and Impact salvage auctions) and Dealer Services Group (AFC and related businesses). Prior to April 19, 2007, IAAI operated in a single business segment. Concurrent with the Transactions, we established three reportable business segments: ADESA Auctions, IAAI and AFC. ADESA s Impact salvage auctions operating segment was combined with IAAI. For comparative purposes, ADESA Impact s results of operations are included in the IAAI segment for all periods presented below. These reportable segments offer different services, have distinct suppliers and buyers of vehicles and are managed separately based on the fundamental differences in their operations.

Operating Results Summary for the Year Ended December 31, 2008

The Transactions were completed on April 20, 2007. Pro forma adjustments have been made to the historical combined statements of income for the year ended December 31, 2007 as if the Transactions had been completed on January 1, 2007. These adjustments help make the results of operations for the year ended December 31, 2007 comparable to the results of operations for the year ended December 31, 2008.

The following unaudited pro forma condensed results of operations for the year ended December 31, 2007 are based on the combined financial statements of ADESA and IAAI as adjusted to combine the financial statements of ADESA Impact and IAAI and to illustrate the estimated pro forma effects of the Transactions as if they had occurred on January 1, 2007. KAR Holdings commenced operations on April 20, 2007.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma condensed results are presented for informational purposes only. The unaudited pro forma condensed results do not purport to represent what our results of operations would have been had the Transactions actually occurred on the dates indicated and they do not purport to project our results of operations for any future period.

The unaudited pro forma condensed combined results of operations for the year ended December 31, 2007 should be read in conjunction with the information contained in Summary The Transactions and the financial statements and related notes thereto, appearing elsewhere in this prospectus. The pro forma adjustments inherent in the segments results presented below include: pro forma interest expense resulting from the new capital structure; pro forma depreciation and amortization expense resulting from the new basis of property and equipment and intangible assets; and adjustments to selling and administrative expenses for the annual sponsor advisory fees. In addition, certain human resources and information technology costs that ADESA had historically allocated to its segments and certain professional fees historically recorded at the segments were reclassified to the holding company for all periods presented. Transaction expenses, representing legal and professional fees as well as accelerated incentive compensation costs, were also removed from 2007 operating results.

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Overview of Results of KAR Holdings for the Year ended December 31, 2008 and Pro Forma Results for the Year ended December 31, 2007

(In millions)	**Year ended December 31, 2007** ***(Pro Forma)***	**2008**
Revenues		
ADESA Auction Services	$ 965.5	**$ 1,123.4**
IAAI Salvage Services	482.5	**550.3**
AFC	140.9	**97.7**
Total revenues	1,588.9	**1,771.4**
Cost of services*	891.2	**1,053.0**
Gross profit*	697.7	**718.4**
Selling, general and administrative	348.2	**383.7**
Depreciation and amortization	176.1	**182.8**
Goodwill and other intangibles impairment		**164.4**
Operating profit (loss)	173.4	**(12.5)**
Interest expense	226.3	**215.2**
Other (income) expense	(9.7)	**19.9**
Loss from continuing operations before income taxes	(43.2)	**(247.6)**
Income taxes	(17.4)	**(31.4)**
Loss from continuing operations	($ 25.8)	**($ 216.2)**

* Exclusive of depreciation and amortization

For the year ended December 31, 2008, we had revenue of $1,771.4 million compared with pro forma revenue of $1,588.9 million for the year ended December 31, 2007, an increase of 11%. Included in the results for the year ended December 31, 2008, is a $164.4 million charge related to goodwill and tradename impairment at AFC. For further details see the Goodwill and Other Intangibles Impairment discussion under the AFC Results below. For a further discussion of revenues, gross profit and selling, general and administrative expenses, see the segment results discussions below.

Interest Expense

Interest expense decreased $11.1 million, or 5%, to $215.2 million for the year ended December 31, 2008, compared with pro forma interest expense of $226.3 million for the year ended December 31, 2007. The decrease in interest expense was the result of repayments on long-term debt of $59.3 million which decreased the outstanding principal balance of our debt. In addition, a decrease in interest rates in 2008 reduced interest expense for our variable rate debt instruments.

Other (Income) Expense

Other expense was $19.9 million for the year ended December 31, 2008 compared with other income of $9.7 million for the year ended December 31, 2007, representing a decrease of $29.6 million. The change in other (income) expense is primarily representative of foreign currency transaction losses in 2008 as well as a decrease in interest income resulting from a decrease in interest rates and cash balances in 2008 compared with 2007.

Income Taxes

Our pro forma effective tax rate decreased from 40.3% in 2007 to 12.7% in 2008. The decrease in tax rate primarily resulted from the non tax deductible $161.5 million goodwill impairment charge at AFC in 2008.

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ADESA Auctions Results

	Year ended December 31,	
(In millions)	2007 (Pro Forma)	2008
ADESA Auction Services revenue	$ 965.5	**$ 1,123.4**
Cost of services*	541.5	**654.9**
Gross profit*	424.0	**468.5**
Selling, general and administrative	200.7	**244.2**
Depreciation and amortization	89.5	**93.2**
Operating profit	$ 133.8	**$ 131.1**

* Exclusive of depreciation and amortization

Revenue

Revenue from ADESA Auctions increased $157.9 million, or 16%, to $1,123.4 million for the year ended December 31, 2008, compared with $965.5 million for the year ended December 31, 2007. The increase in revenue was primarily a result of a 6% increase in revenue per vehicle sold for the year ended December 31, 2008 compared with the year ended December 31, 2007, and a 10% increase in the number of vehicles sold.

The 6% increase in revenue per vehicle sold resulted in increased auctions revenue of approximately $75.5 million. The increase in revenue per vehicle sold was primarily attributable to an increase in ancillary services such as transportation and other services. These factors resulted in increased ADESA Auctions revenue of approximately $61.7 million. The higher transportation and other ancillary services revenues also resulted in corresponding increases in cost of services. Incremental fee income related to selective fee increases resulted in increased ADESA Auctions revenue of approximately $11.5 million. Fluctuations in the Canadian exchange rate increased revenue by approximately $2.3 million for the year ended December 31, 2008 compared with the year ended December 31, 2007.

The total number of used vehicles sold at ADESA Auctions increased 10% for the year ended December 31, 2008 compared with year ended December 31, 2007, resulting in an increase in ADESA Auctions revenue of approximately $82.4 million. Approximately 6% of the volume sold increase was attributable to acquisitions and approximately 4% was representative of same-store volume increases.

The used vehicle conversion percentage, calculated as the number of vehicles sold as a percentage of the number of vehicles entered for sale at our used vehicle auctions, increased to 60.7% for the year ended December 31, 2008 compared with 60.0% for the year ended December 31, 2007. Although the conversion rate appears comparable on a consolidated basis, it is skewed due to a mix shift toward institutional vehicles which convert at a higher rate. Individually, conversion rates for dealer consignment and institutional vehicles are down compared to the prior year.

Gross Profit

For the year ended December 31, 2008, gross profit in the ADESA Auctions segment increased $44.5 million, or 10%, to $468.5 million. Gross margin for ADESA Auctions was 41.7% of revenue for the year ended December 31, 2008 compared with 43.9% of revenue for the year ended December 31, 2007. The decrease in margins as a percentage of revenues resulted from increased fuel costs and related transportation expenses, not matched by a corresponding increase in transportation revenues. The gross margin percentage decline also resulted from factors including increased rent expense and additional labor associated with handling incremental institutional vehicles. In addition, the auctions acquired in 2008 produced lower gross margins than a typical auction site as ADESA s auction processes have not been fully implemented.

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Selling, General and Administrative

Selling, general and administrative expenses for the ADESA Auctions segment increased $43.5 million, or 22%, to $244.2 million for the year ended December 31, 2008 compared with the year ended December 31, 2007, primarily due to $16.9 million of costs at acquired sites, $11.7 million of consulting and travel costs related to process improvement initiatives, a $10.7 million loss on the sale of land related to the sale-leaseback and the separate transaction in Fairburn, Georgia, a $5.1 million increase in bad debt expense, $0.6 million of marketing costs and $0.4 million of fluctuations in the Canadian exchange rate, partially offset by a decrease in compensation and related employee benefit costs.

Insurance Auto Auctions, Inc. (IAAI) Results

(In millions)	Year ended December 31, 2007 (Pro Forma)	2008
IAAI Salvage Services revenue	$ 482.5	**$ 550.3**
Cost of services*	317.9	**362.9**
Gross profit*	164.6	**187.4**
Selling, general and administrative	67.8	**70.1**
Depreciation and amortization	58.6	**61.6**
Operating profit	$ 38.2	**$ 55.7**

* Exclusive of depreciation and amortization

Revenue

Revenue from IAAI increased $67.8 million, or 14%, to $550.3 million for the year ended December 31, 2008, compared with $482.5 million for the year ended December 31, 2007. The increase in revenue was a result of a 13% increase in salvage vehicles sold combined with a slight increase in revenue per vehicle sold, during the year ended December 31, 2008. The increase in salvage vehicles sold was primarily a result of volumes provided by acquisitions and greenfields of 10% in addition to growth in vehicles sold on a same-store basis of 3%.

Gross Profit

For the year ended December 31, 2008, gross profit at IAAI increased to $187.4 million, or 34% of revenue, compared with $164.6 million, or 34% of revenue, for the year ended December 31, 2007. Cost of services increased 14% due to increases related to acquisitions and greenfields, as well as costs associated with the increased volumes. IAAI experienced an increase in tow costs primarily due to increased fuel costs and related tow charges and an increase in the number of vehicles towed. In addition, IAAI experienced increases in wages and auction expenses related to the increase in the number of vehicles sold. Occupancy costs, primarily rent, increased as a result of acquiring 17 new auction sites since the first quarter of 2007.

Selling, General and Administrative

Selling, general and administrative expenses at IAAI increased $2.3 million, or 3%, to $70.1 million for the year ended December 31, 2008, compared with $67.8 million for the year ended December 31, 2007. The increase in selling, general and administrative expenses was attributable to increases in companywide delivery expenses, supplies, advertising expenses, sales and marketing expenses, and integration expense. This increase was partially offset by a decrease in incentive compensation and a decrease in stock compensation expense attributable to the Transactions.

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Automotive Finance Corporation (AFC) Results

(In millions except volumes and per loan amounts)	Year ended December 31, 2007 (Pro Forma)	2008
AFC revenue		
Securitization income	$ 74.2	**$ 32.4**
Interest and fee income	65.8	**64.8**
Other revenue	2.4	**1.8**
Provision for credit losses	(1.5)	**(1.3)**
Total AFC revenue	140.9	**97.7**
Cost of services*	31.8	**35.2**
Gross profit*	109.1	**62.5**
Selling, general and administrative	16.2	**14.6**
Depreciation and amortization	25.3	**25.3**
Goodwill and other intangibles impairment		**164.4**
Operating profit (loss)	$ 67.6	**$ (141.8)**
Loan transactions	1,205,865	**1,147,116**
Revenue per loan transaction	$ 117	**$ 85**

* Exclusive of depreciation and amortization

Revenue

For the year ended December 31, 2008, AFC revenue decreased $43.2 million, or 31%, to $97.7 million, compared with $140.9 million for the year ended December 31, 2007. The decrease in revenue was the result of a 27% decrease in revenue per loan transaction for the year ended December 31, 2008, compared with the same period in 2007 and a 5% decrease in loan transactions to 1,147,116 for the year ended December 31, 2008.

Revenue per loan transaction, which includes both loans paid off and loans curtailed, decreased $32, or 27%, primarily as a result of an increase in credit losses for both loans held and sold and decreases in net interest rate spread.

Gross Profit

For the year ended December 31, 2008, gross profit for the AFC segment decreased $46.6 million, or 43%, to $62.5 million as a result of the 31% decrease in revenue as well as a 11% increase in cost of services. Cost of services increased as a result of increased compensation and related employee benefit costs. The increase in compensation and related employee benefit costs relates to the development of Automotive Finance Consumer Division (AFCD), a new initiative of KAR Holdings that offers finance and insurance solutions to independent used vehicle dealers and the headcount associated with the opening of several new loan production offices during the first eight months of 2008. As a result of the current economic conditions, AFC elected to realign and downsize in certain markets in September 2008 including closing five branches and nine other locations. The realignment resulted in recognition of approximately $0.3 million of severance and rent expense for closed locations in the year ended December 31, 2008.

Selling, General and Administrative Expenses

Selling, general and administrative expenses at AFC decreased $1.6 million, or 10%, for the year ended December 31, 2008, compared with the year ended December 31, 2007. The decrease was primarily the result of decreased professional and promotional expenses as well as decreased payroll and compensation costs, partially offset by increased severance costs associated with the realignment and downsizing initiated in

September 2008.

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Goodwill and Other Intangibles Impairment

In light of the overall economy and in particular the automotive finance industries which continue to face severe pressures, AFC and its customer dealer base have been negatively impacted. In addition, AFC has been negatively impacted by reduced interest rate spreads. As a result of reduced interest rate spreads and increased risk associated with lending in the automotive industry, AFC has tightened credit policies and experienced a decline in its portfolio of finance receivables. These factors contributed to lower operating profits and cash flows at AFC for 2008 compared to 2007. Based on that trend, the forecasted performance was revised. As a result, in the third quarter of 2008, a noncash goodwill impairment charge of approximately $161.5 million was recorded in the AFC reporting unit. In addition, in the third quarter of 2008, a noncash tradename impairment charge of approximately $2.9 million was recorded in the AFC reporting unit.

Holding Company Results

	Year ended December 31,	
(In millions)	**2007** ***(Pro Forma)***	**2008**
Selling, general and administrative	$ 63.5	**$ 54.8**
Depreciation and amortization	2.7	**2.7**
Operating loss	$ (66.2)	**$ (57.5)**

Selling, General and Administrative Expenses

For the year ended December 31, 2008, selling, general and administrative expenses at the holding company decreased $8.7 million, or 14%, to $54.8 million, primarily as a result of a decrease in stock-based compensation expense related to the KAR LLC and Axle LLC operating units which are remeasured each reporting period to fair value, as well as a decrease in professional fees.

Operating Results Summary for the Year Ended December 31, 2007

The Transactions were completed on April 20, 2007. Pro forma adjustments have been made to the historical combined statements of income for the years ended December 31, 2007 and 2006 as if the Transactions had been completed on January 1, 2006. These adjustments help make the results of operations for the year ended December 31, 2006 comparable to the results of operations for the year ended December 31, 2007.

The following unaudited pro forma condensed results of operations for the years ended December 31, 2007 and 2006 are based on the combined financial statements of ADESA and IAAI, appearing elsewhere in prospectus, as adjusted to combine the financial statements of ADESA Impact and IAAI and to illustrate the estimated pro forma effects of the Transactions as if they had occurred on January 1, 2006. KAR Holdings commenced operations on April 20, 2007.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma condensed results are presented for informational purposes only. The unaudited pro forma condensed results do not purport to represent what our results of operations would have been had the Transactions actually occurred on the dates indicated and they do not purport to project our results of operations for any future period.

The unaudited pro forma condensed combined results of operations for the years ended December 31, 2007 and 2006 should be read in conjunction with the information contained in the financial statements and related notes thereto, appearing elsewhere in this prospectus. The pro forma adjustments inherent in the segment results presented below include: pro forma interest expense resulting from the new capital structure; pro forma depreciation and amortization expense resulting from the new basis of property and equipment and intangible assets; and adjustments to selling, general and administrative expenses for the annual sponsor advisory fees. In

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addition, certain human resources and information technology costs that ADESA had historically allocated to its segments and certain professional fees historically recorded at the segments were reclassified to the holding company for all periods presented. Transaction expenses, representing legal and professional fees as well as accelerated incentive compensation costs, were also removed from 2007 operating results.

Overview of Pro Forma Results of KAR Holdings for the Years Ended December 31, 2007 and 2006

	Pro Forma Year Ended December 31,	
(In millions)	**2006**	**2007**
Revenues		
ADESA Auction Services	$ 853.8	$ 965.5
IAAI Salvage Services	438.1	482.5
AFC	141.8	143.0
Total revenues	1,433.7	1,591.0
Cost of services*	799.6	891.2
Gross profit*	634.1	699.8
Selling, general and administrative	305.1	348.2
Depreciation and amortization	181.2	176.1
Loss related to flood	3.5	
Operating profit	144.3	175.5
Interest expense	232.4	226.3
Other income	(4.2)	(9.7)
Loss from continuing operations before income taxes	(83.9)	(41.1)
Income taxes	(16.1)	(17.4)
Loss from continuing operations	$ (67.8)	$ (23.7)

* Exclusive of depreciation and amortization

For the year ended December 31, 2007, we had pro forma revenue of $1,591.0 million compared with pro forma revenue of $1,433.7 million for the year ended December 31, 2006, an increase of 11%. Included in the pro forma results for the year ended December 31, 2006, was a $2.7 million pretax charge related to the correction of certain unreconciled balance sheet differences concealed by a former employee at ADESA s Kitchener, Ontario, auction facility. In addition, the results for the year ended December 31, 2006 included a $3.5 million loss related to the flood at IAAI s Grand Prairie, Texas facility. The flood loss consisted of a loss of vehicles and fixed assets as well as costs to clean up the facility.

Pro Forma ADESA Auctions Results

	Pro Forma Year Ended December 31,	
(In millions)	**2006**	**2007**
ADESA Auction Services revenue	$ 853.8	$ 965.5
Cost of services*	468.6	541.5

Gross profit*	385.2	424.0
Selling, general and administrative	179.9	200.7
Depreciation and amortization	92.5	89.5
Operating profit	$ 112.8	$ 133.8

* Exclusive of depreciation and amortization

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Revenue

Revenue from ADESA Auctions increased $111.7 million, or 13%, to $965.5 million for the year ended December 31, 2007, compared with $853.8 million for the year ended December 31, 2006. The 13% increase in revenue was a result of an 8% increase in revenue per vehicle sold for the year ended December 31, 2007 compared with the year ended December 31, 2006, and a 5% increase in the number of vehicles sold.

An 8% increase in revenue per vehicle sold resulted in increased auctions revenue of approximately $71.5 million. The increase in revenue per vehicle sold was primarily attributable to an increase in ancillary services such as transportation and other services. These factors resulted in increased ADESA Auctions revenue of approximately $37.8 million. The higher transportation and other ancillary services revenues also resulted in corresponding increases in cost of services. Incremental fee income related to selective fee increases and higher wholesale used vehicle values resulted in increased ADESA Auctions revenue of approximately $20.8 million. Fluctuations in the Canadian exchange rate increased revenue by approximately $12.9 million for the year ended December 31, 2007 compared with the year ended December 31, 2006.

While the number of retail used vehicles sold in North America decreased, the total number of wholesale vehicles sold at ADESA Auctions increased 5% in the year ended December 31, 2007 compared with year ended December 31, 2006, resulting in an increase in ADESA Auctions revenue of approximately $40.2 million.

The used vehicle conversion percentage, calculated as the number of vehicles sold as a percentage of the number of vehicles entered for sale at our used vehicle auctions, was 60.0% for the year ended December 31, 2007 compared with 60.4% for the year ended December 31, 2006.

Gross Profit

For the year ended December 31, 2007, gross profit in the ADESA Auctions segment increased $38.8 million, or 10%, to $424.0 million. The 13% increase in revenues was the leading factor increasing gross profit for the ADESA Auctions segment, despite an increase in cost of services on both a dollar and percentage of revenues basis. Increases in transportation costs (which includes fuel costs) and other ancillary services costs was a leading driver of the $35.3 million increase in cost of services for the ADESA Auctions segment. Cost of services also increased due to the costs associated with handling additional used vehicles entered for sale at our used vehicle auctions for the year ended December 31, 2007 compared with the year ended December 31, 2006. Fluctuations in the Canadian exchange rate increased cost of services at the ADESA Auctions segment by approximately $7.4 million.

Selling, General and Administrative

Selling, general and administrative expenses for the ADESA Auctions segment increased $20.8 million, or 12%, to $200.7 million for the year ended December 31, 2007 compared with the prior year, primarily due to increases in compensation and related employee benefit costs, consulting and travel costs related to process improvement initiatives, marketing costs and costs at acquired sites. These increases were partially offset by a $2.7 million pretax charge in 2006 related to unreconciled balance sheet differences concealed by a former employee at ADESA s Kitchener, Ontario, auction facility.

Pro Forma Insurance Auto Auctions, Inc. (IAAI) Results

(In millions)	Pro Forma Year Ended December 31, 2006	2007
IAAI Salvage Services revenue	$ 438.1	$ 482.5
Cost of services*	302.6	317.9
Gross profit*	135.5	164.6
Selling, general and administrative	53.6	67.8
Depreciation and amortization	57.3	58.6
Loss related to flood	3.5	
Operating profit	$ 21.1	$ 38.2

* Exclusive of depreciation and amortization

Revenue

Revenue from IAAI increased $44.4 million, or 10%, to $482.5 million for the year ended December 31, 2007, compared with $438.1 million for the year ended December 31, 2006. The increase in revenue was a result of an 18% increase in salvage vehicles sold during the year ended December 31, 2007. The increase in salvage vehicles sold was primarily a result of volumes provided by acquisitions and greenfields in addition to growth in vehicles sold on a same-store basis. The increase in revenue was partially offset by reduced proceeds from units sold under purchase agreements with customers. For purchase agreement vehicles, the gross sales price of the vehicle is recognized as revenue. Vehicles sold under purchase agreements represented less than 4% of total vehicles sold.

Gross Profit

For the year ended December 31, 2007, gross profit at IAAI increased to $164.6 million, or 34% of revenue, compared with $135.5 million, or 31% of revenue, for the year ended December 31, 2006. Cost of services increased 5% due to increases related to acquisitions and greenfields, as well as costs associated with the increased volumes; however, cost of services increased at a lower rate than revenues. IAAI has negotiated a number of tow contracts in the current year resulting in lower tow costs per vehicle towed. In addition, IAAI has reduced its auction yard costs due to the elimination of costs associated with Hurricane Katrina related vehicles.

Selling, General and Administrative

Selling, general and administrative expenses at IAAI increased $14.2 million, or 26%, to $67.8 million for the year ended December 31, 2007, compared with $53.6 million for the year ended December 31, 2006. The increase in selling, general and administrative expenses was primarily attributable to integration costs associated with the integration of ADESA Impact into IAAI and an increase in stock compensation expense. The integration costs represent travel, consulting costs, outside labor and retention agreements.

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Pro Forma Automotive Finance Corporation (AFC) Results

(In millions except volumes and per loan amounts)	Pro Forma Year Ended December 31, 2006	2007
AFC revenue		
Securitization income	$ 74.2	$ 74.1
Interest and fee income	67.0	67.1
Other revenue	0.8	2.4
Provision for credit losses	(0.2)	(0.6)
Total AFC revenue	141.8	143.0
Cost of services*	28.4	31.8
Gross profit*	113.4	111.2
Selling, general and administrative	16.5	16.2
Depreciation and amortization	25.4	25.3
Operating profit	$ 71.5	$ 69.7
Loan transactions	1,151,702	1,205,865
Revenue per loan transaction	$ 123	$ 119

* Exclusive of depreciation and amortization

Revenue

For the year ended December 31, 2007, AFC pro forma revenue increased $1.2 million, or 1%, to $143.0 million, compared with $141.8 million for the year ended December 31, 2006. A 5% increase in the number of loan transactions was offset by a 3% decrease in revenue per loan transaction for the year ended December 31, 2007, compared with the same period in 2006. The increase in loan transactions to 1,205,865 for the year ended December 31, 2007 was primarily the result of an increase in floorplan utilization by AFC s existing dealer base.

Revenue per loan transaction, which includes both loans paid off and loans curtailed, decreased $4, or 3%, primarily as a result of decreases in net interest rate spread and an increase in the provision for credit losses for both loans held and sold partially offset by increases in the average portfolio duration and the average values of vehicles floored.

Gross Profit

For the year ended December 31, 2007, gross profit for the AFC segment decreased $2.2 million, or 2%, to $111.2 million as a result of the 12% increase in cost of services partially offset by the $1.2 million increase in revenue. Cost of services increased as a result of increased professional fees, compensation and related employee benefit cost increases, increased expenses associated with lot checks and processing additional loan transactions.

Selling, General and Administrative Expenses

Selling, general and administrative expenses at AFC decreased $0.3 million, or 2%, for the year ended December 31, 2007 compared with the year ended December 31, 2006. The decrease is primarily the result of decreases in compensation costs.

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Pro Forma Holding Company Results

(In millions)	Pro Forma Year Ended December 31, 2006	2007
Selling, general and administrative	$ 55.1	$ 63.5
Depreciation and amortization	6.0	2.7
Operating loss	$ (61.1)	$ (66.2)

Selling, General and Administrative Expenses

For the year ended December 31, 2007, selling, general and administrative expenses at the holding company increased $8.4 million, or 15%, to $63.5 million, primarily due to increases in compensation and related employee benefit costs as well as professional and consulting fees.

Liquidity and Capital Resources

We believe that the significant indicators of liquidity for our business are cash on hand, cash flow from operations, working capital and amounts available under our credit facility. Our principal sources of liquidity consist of cash generated by operations and borrowings under our revolving credit facility.

The indentures governing the Notes and the agreement governing our senior secured credit facilities contain various provisions that limit our ability and the ability of our restricted subsidiaries, including ADESA and IAAI, to, among other things:

- incur additional debt;
- provide guarantees in respect of obligations of other persons;
- issue redeemable stock and preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- incur liens;
- create restrictions on dividends or other payments by our restricted subsidiaries;

enter into certain transactions with affiliates;

sell assets and capital stock of our subsidiaries; and

consolidate or merge with or into, or sell substantially all of our assets to, another person.

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For a description of the covenants under the indenture see, Description of Senior Notes and Description of Senior Subordinated Notes. For a description of our senior secured credit facilities, see Description of Other Indebtedness.

(Dollars in millions)