ADESA SAN DIEGO, LLC
Form 424B3
February 14, 2008
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-148847

PROSPECTUS

KAR HOLDINGS, INC.

OFFERS TO EXCHANGE

$150,000,000 aggregate principal amount of its Floating Rate Senior Notes due 2014, $450,000,000 aggregate principal amount of its 8 3/4% Senior Notes due 2014, and $425,000,000 aggregate principal amount of its 10% Senior Subordinated Notes due 2015, the issuance of each of which has been registered under the Securities Act of 1933 (collectively, the Exchange Notes),

for

any and all of its outstanding Floating Rate Senior Notes due 2014; 8 3/4% Senior Notes due 2014; and 10% Senior Subordinated Notes due 2015 (collectively, the Restricted Notes and, together with the Exchange Notes, the notes). We refer herein to the foregoing offers to exchange collectively as the exchange offer.

The exchange offer will expire at 5:00 p.m., New York City time, on March 18, 2008, unless we extend

the exchange offer in our sole and absolute discretion.

Terms of the Exchange Offer:

We will exchange all outstanding Restricted Notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer for an equal principal amount of the applicable Exchange Notes.

You may withdraw tenders of Restricted Notes at any time prior to the expiration or termination of the exchange offer.

The terms of the Exchange Notes are substantially identical in all material respects to those of the applicable outstanding Restricted Notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the Restricted Notes do not apply to the Exchange Notes.

The exchange of Restricted Notes for Exchange Notes will not be a taxable transaction for United States federal income tax purposes, but you should see the discussion under the caption Material United States Federal Income Tax Considerations for more information.

We will not receive any proceeds from the exchange offer.

We issued the Restricted Notes in transactions not requiring registration under the Securities Act of 1933 and, as a result, their transfer is restricted. We are making the exchange offer to satisfy your registration rights, as a holder of the Restricted Notes.

Results of the Exchange Offer:

The Exchange Notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods. We do not plan to list the Exchange Notes or the Restricted Notes on any national securities exchange.

All outstanding Restricted Notes not tendered will continue to be subject to the restrictions on transfer set forth in the outstanding Restricted Notes and in the applicable indenture. In general, the outstanding Restricted Notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding Restricted Notes under the Securities Act.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Restricted Notes where such Restricted Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the closing of this exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

There is no established trading market for the Exchange Notes or the Restricted Notes.

See Risk Factors beginning on page 23 for a discussion of risks you should consider prior to tendering your outstanding Restricted Notes for exchange.

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.

The date of this prospectus is February 14, 2008.

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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.

In order to obtain timely delivery, you must request the information no later than March 11, 2008, which is five business days before the expiration date of the exchange offer.

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.

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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 a measurement of our financial performance under GAAP and should not be considered as an alternative to revenues, net earnings (loss) or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as measures of our liquidity.

EBITDA is defined as net earnings (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization, as set out in our Unaudited Pro Forma Consolidated Statement of Operations included elsewhere in this prospectus. We believe that EBITDA is a useful financial metric to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business. We also believe EBITDA is useful to assess our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures. We use EBITDA for business planning purposes, including to establish budgets and operational goals and manage our business. We believe EBITDA is a measure commonly used by investors to evaluate our performance as well as the performance of our competition.

Adjusted EBITDA is calculated by adjusting EBITDA for the items of income and expense and cost saving 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 expenses; (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; and (m) expenses incurred in connection with permitted acquisitions. Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about certain covenants required pursuant to our senior credit facilities and the notes.

The EBITDA measure 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;

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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. Because of these limitations, our EBITDA measure 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 participating in this exchange offer. 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). The Restricted Notes were issued in connection with the Merger and the related transactions described below. 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, the second largest 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, in almost all cases, 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 January 21, 2008, we have a network of 58 whole car auction locations, 134 salvage auction locations and 91 loan production offices in North America. Our auction locations are primarily stand-alone facilities dedicated to either whole car or salvage auctions. Eight 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 over 85,000 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 58 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. We currently maintain relationships with over 50,000 such registered buyers.

ADESA Auctions generates revenue primarily from auction fees paid by vehicle buyers and sellers. In almost all cases, 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 the second largest provider of salvage vehicle auctions and related services in North America. We serve our customer base through 134 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 all 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 currently maintain relationships with over 41,000 such registered buyers.

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 91 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 2007, AFC arranged approximately 1.2 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.

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AFC generates a significant portion of its revenue from fees. These fees include origination, 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 salvage vehicle auctions and related services in North America. In 2006, the most recent date available, we had estimated market shares of approximately 18% and 33% 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 58 whole car and 134 salvage auction locations enable us to provide a single source solution for our customers needs throughout North America. In addition, AFC has 91 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, 34 are located strategically near auctions and 11 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 20 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 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

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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. ADESA Auctions has over 50,000 registered buyers, while IAAI Salvage has over 41,000 registered buyers.

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 15 years in businesses that provide services to the automotive insurance industry. Mr. O Brien has led IAAI since 2000.

Curt Phillips, President and Chief Executive Officer of AFC, has significant experience in overseeing accounting, cash management, and the credit and contract functions. Mr. Phillips previously served as Chief Financial Officer of AFC from April 1998 until January 2004.

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. Jim Hallett is highly regarded in the industry, and has extensive customer relationships that he has developed over 17 years in the North American used vehicle redistribution industry. In addition, we have staffed, and will continue to staff, our sales organization with relationship managers focused on the various categories of institutional customers that we serve. 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 salvaged 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 28 of ADESA 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 2008.

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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 currently 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

Expand through Selective Relocations, Greenfields and Acquisitions

We continue our efforts on relocating several 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.

Expand AFC

We will continue to focus on expanding AFC s geographic coverage and gaining market share by adding loan production offices in selected markets 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. John Nordin, our Chief Information Officer, who was instrumental in the implementation of IAAI s IT upgrade, is leading the systems upgrade effort for ADESA Auctions. 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.

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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:

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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 $50 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. Established in 1992, the GS Capital Partners family of funds is part of the firm s Principal Investment Area in the Merchant Banking Division. Goldman Sachs Principal Investment Area has formed 13 investment vehicles aggregating $56 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.

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Summary Description of the Exchange Offer

On April 20, 2007, in connection with the Merger, we completed the private offering of $150 million aggregate principal amount of Floating Rate Senior Notes due 2014 (the Floating Rate Senior Restricted Notes), $450 million aggregate principal amount of 8 3/4% Senior Notes due 2014 (the Fixed Rate Senior Restricted Notes) and $425 million aggregate principal amount of 10% Senior Subordinated Notes due 2015 (the Senior Subordinated Restricted Notes), which we refer to collectively as the Restricted Notes. As part of that offering, we entered into a registration rights agreement with the initial purchasers of the Restricted Notes in which we agreed, among other things, to complete an exchange offer for the Restricted Notes. We refer to the Floating Rate Senior Exchange Notes and the Fixed Rate Senior Exchange Notes (each as defined below) as the Senior Exchange Notes. Below is a summary of each exchange offer. We refer herein to the exchange offers collectively as the exchange offer.

Restricted Notes	(i) $150 million aggregate principal amount of Floating Rate Senior Notes due 2014, (ii) $450 million aggregate principal amount of 8 3/4% Senior Notes due 2014 and (iii) $425 million aggregate principal amount of 10% Senior Subordinated Notes due 2015.
Exchange Notes	(i) $150 million aggregate principal amount of Floating Rate Senior Notes due 2014 (the Floating Rate Senior Exchange Notes), (ii) $450 million aggregate principal amount of 8 3/4% Senior Notes due 2014 (the Fixed Rate Senior Exchange Notes) and (iii) $425 million aggregate principal amount of 10% Senior Subordinated Notes due 2014 (the Senior Subordinated Exchange Notes), the issuance of each of which has been registered under the Securities Act. The form and terms of each series of Exchange Notes are substantially identical in all material respects to those of the applicable series of Restricted Notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the Restricted Notes do not apply to the Exchange Notes.
Exchange Offer	We are offering to issue up to:

(i) $150 million aggregate principal amount of Floating Rate Senior Exchange Notes,

(ii) $450 million aggregate principal amount of Fixed Rate Senior Exchange Notes, and

(iii) $425 million aggregate principal amount of Senior Subordinated Exchange Notes,

in exchange for a like principal amount of the respective Restricted Notes to satisfy our obligations under the registration rights agreement that we entered into when the Restricted Notes were issued in reliance upon the exemption from registration provided by Rule 144A and Regulation S of the Securities Act.

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Expiration Date; Tenders	The exchange offer will expire at 5:00 p.m., New York City time, on March 18, 2008, unless extended in our sole and absolute discretion. By tendering your Restricted Notes, you represent to us that: you are not our affiliate, as defined in Rule 405 under the Securities Act; you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes; you are acquiring the Exchange Notes in your ordinary course of business; and if you are a broker-dealer, you will receive the Exchange Notes for your own account in exchange for Restricted Notes that were acquired by you as a result of your market-making or other trading activities and that you will deliver a prospectus in connection with any resale of the Exchange Notes you receive. For further information regarding resales of the Exchange Notes by participating broker-dealers, see the discussion under the caption Plan of Distribution.
Withdrawal	You may withdraw any Restricted Notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on March 18, 2008.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which we may waive. See the discussion below under the caption The Exchange Offer Conditions to the Exchange Offer for more information regarding the conditions to the exchange offer.
Procedures for Tendering the Restricted Notes	Except as described in the section titled The Exchange Offer Procedures for Tendering Restricted Notes, a tendering holder must, on or prior to the expiration date, transmit an agent s message to the exchange agent at the address listed in this prospectus. In order for your tender to be considered valid, the exchange agent must receive a confirmation of book entry transfer of your Restricted Notes into the exchange agent s account at The Depository Trust Company, or DTC, prior to the expiration or termination of the exchange offer.
Special Procedures for Beneficial Owners	If you are a beneficial owner whose Restricted Notes are registered in the name of the broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your Restricted Notes in the exchange offer, you should promptly contact the person in whose name the Restricted Notes are registered and instruct that person to tender on your behalf. Any registered holder that is a participant in DTC s book-entry transfer facility system may make book-entry delivery of the Restricted Notes by causing DTC to transfer the Restricted Notes into the exchange agent s account.

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Use of Proceeds	We will not receive any proceeds from the exchange offer.
Exchange Agent	Wells Fargo Bank, National Association is the exchange agent for the exchange offer. You can find the address and telephone number of the exchange agent below under the caption The Exchange Offer Exchange Agent.
Resales	Based on interpretations by the staff of the SEC, as detailed in a series of no-action letters issued to third parties, we believe that the Exchange Notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as: you are acquiring the Exchange Notes in the ordinary course of your business; you are not participating, do not intend to participate and have no arrangements or understanding with any person to participate in a distribution of the Exchange Notes; you are not an affiliate of ours. If you are an affiliate of ours, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the Exchange Notes: you cannot rely on the applicable interpretations of the staff of the SEC; you will not be entitled to participate in the exchange offer; and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. See the discussion below under the caption The Exchange Offer Consequences of Exchanging or Failing to Exchange Restricted Notes for more information.
Broker-Dealer	Each broker or dealer that receives Exchange Notes for its own account in exchange for Restricted Notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell or other transfer of the Exchange Notes issued in the exchange offer, including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the Exchange Notes.

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Furthermore, any broker-dealer that acquired any of its Restricted Notes directly from us:

- may not rely on the applicable interpretation of the staff of the SEC s position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993); and

- must also be named as a selling bondholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Restricted Notes which were received by such broker-dealer as a result of market making activities or other trading activities. We have agreed that for a period of not less than 90 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution for more information.

Registration Rights Agreement

When we issued the Restricted Notes, we entered into a registration rights agreement with the initial purchasers of the Restricted Notes. Under the terms of the registration rights agreement, we agreed to use our commercially reasonable efforts to:

- prepare and file with the SEC and cause to become effective a registration statement relating to an offer to exchange the Restricted Notes for the Exchange Notes;

- keep the exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date of notice thereof is mailed to the holders of the Restricted Notes; and

- complete the exchange offer within 360 days of the issue date of the Restricted Notes.

If we do not complete the exchange offer within 360 days of the date that we sold the Restricted Notes, or if after a shelf registration statement with respect to the Restricted Notes is declared (or becomes automatically) effective and such registration statement thereafter ceases to be effective, additional interest will be paid in an amount equal to $0.05 per week per $1,000 principal amount of the applicable Restricted Notes. The amount of additional interest will increase by an additional $0.05 per week per $1,000 principal amount of the applicable Restricted Notes for each subsequent 90-day period until the registration default has been cured, up to a maximum amount of $0.50 per week per $1,000 principal amount of the applicable Restricted Notes.

Under some circumstances set forth in the registration rights agreement, holders of Restricted Notes, including holders who are not permitted to participate in the exchange offer or who may not freely

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	sell Exchange Notes received in the exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the Restricted Notes by these holders.
	A copy of the registration rights agreement is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part. See Book-Entry, Delivery and Form.
Material United States Federal Income Tax Considerations	Your exchange of restricted notes for exchange notes pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes.

Summary of Consequences of Not Exchanging Restricted Notes

If you do not exchange your Restricted Notes in the exchange offer, your Restricted Notes will continue to be subject to the restrictions on transfer currently applicable to the Restricted Notes. In general, you may offer or sell your Restricted Notes only:

- if the offer or sale is registered under the Securities Act and applicable state securities laws;
- if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or
- if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.

If you do not exchange your Restricted Notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the Restricted Notes as set forth in the applicable indenture, but we will not have any further obligation to you to provide for the exchange and registration of the Restricted Notes under the applicable registration rights agreement. Accordingly, there will be no increase in the interest rate on the Restricted Notes under the applicable circumstances described in the registration rights agreements.

We do not currently intend to register sales of the Restricted Notes under the Securities Act. Under some circumstances, however, holders of the Restricted Notes, including holders who are not permitted to participate in the exchange offer or who may not freely resell Exchange Notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of Restricted Notes by these holders. For more information regarding the consequences of not tendering your Restricted Notes and our obligation to file a shelf registration statement, see The Exchange Offer Consequences of Exchanging or Failing to Exchange Restricted Notes.

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Summary Description of the Exchange Notes

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

Issuer	KAR Holdings, Inc.
Exchange Notes Offered	Up to $150.0 million in aggregate principal amount of Floating Rate Senior Notes due 2014.
	Up to $450.0 million in aggregate principal amount of 8 3/4% Senior Notes due 2014.
	Up to $425.0 million aggregate principal amount of 10% Senior Subordinated Notes due 2015.
Maturity Dates	The Floating Rate and Fixed Rate Senior Exchange Notes will mature on May 1, 2014 respectively.
	The Senior Subordinated Exchange Notes will mature on May 1, 2015.
Interest Payment Dates	With respect to the Floating Rate Senior Exchange Notes, May 1, August 1, November 1 and February 1 of each year, commencing August 1, 2007.
	With respect to the Fixed Rate Senior Exchange Notes and the Senior Subordinated Exchange Notes, May 1 and November 1 of each year, commencing November 1, 2007.
Guarantees	The Floating Rate and Fixed Rate Senior Exchange Notes will be 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 Exchange Notes will be 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 Exchange Notes and the respective guarantees thereof are our and the guarantors unsecured, senior obligations and will 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 September 30, 2007, the aggregate amount of liabilities of our non-guarantor subsidiaries, including trade and other payables, was $336.1 million.

Because the Exchange 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 Exchange 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.

As of September 30, 2007, the Senior Exchange Notes would have been effectively subordinated to approximately $1,595.6 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 Exchange 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 Exchange 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 September 30, 2007, the Senior Subordinated Exchange Notes would have been (i) subordinated to $2,195.6 million of our and the guarantors senior debt, including the Senior Exchange Notes, and there would have been $300.0 million of additional availability under our senior secured credit facilities and (ii) structurally subordinated to $336.1 million of liabilities of our non-guarantor subsidiaries, including trade and other payables.

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Optional Redemption	We may, at our option, redeem some or all of the Floating Rate Senior Exchange Notes at the redemption prices listed under Description of Senior Exchange Notes Optional Redemption Floating Rate Senior Notes.
	We may, at our option, redeem some or all of the Fixed Rate Senior Exchange Notes at the redemption prices listed under Description of Senior Exchange Notes Optional Redemption Fixed Rate Senior Notes.
	We may, at our option, redeem some or all of the Senior Subordinated Exchange Notes at the redemption prices listed under Description of Senior Subordinated Exchange 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 Exchange Notes with the proceeds of equity offerings at the redemption price listed under Description of Senior Exchange 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 Exchange 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 Exchange Notes on the relevant record date to receive interest due on the relevant payment date. See Description of Senior Exchange Notes Repurchase at the Option of Holders and Description of Senior Subordinated Exchange Notes Repurchase at the Option of Holders.
Certain Covenants	We will issue the Exchange Notes under indentures with Wells Fargo, National Association, which will initially act as trustee on your behalf. The indentures will, 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 Exchange Notes Certain Covenants and Description of Senior Subordinated Exchange Notes Certain Covenants.

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Risk Factors

You should carefully consider the information set forth under Risk Factors beginning on page 23 before deciding to invest in the Exchange Notes.

Information About KAR Holdings

We were incorporated in Delaware on November 9, 2006. Our principal executive offices are located at 13085 Hamilton Crossing Boulevard, Carmel, Indiana 46032, and our telephone number is (800) 923-3725. Our websites are located at www.adesainc.com and www.iaai.com. The information on, or accessible through, the websites 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 September 30, 2007 and for the nine months ended September 30, 2007 have been derived from our unaudited 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, 2006 and the nine months ended September 30, 2007 have been prepared to give effect to (i) the Transactions as if they had occurred on the first day of the fiscal year 2006 (December 26, 2005 for IAAI and January 1, 2006 for ADESA) and (ii) IAAI s acquisition of branches in Erie, Pennsylvania; Indianapolis and South Bend, Indiana; Cincinnati, Cleveland, Columbus, Dayton and Lima, Ohio; Ashland, Kentucky; Buckhannon, West Virginia; Missoula, Montana; Des Moines, Cedar Falls and Sioux City, Iowa; Cicero, New York; and Pulaski, Virginia (the IAAI 2006 Acquisitions), which all occurred during IAAI s 2006 fiscal year, as if each of these acquisitions had been consummated on December 26, 2005. 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 unaudited 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)	Pro forma year ended December 31, 2006 (unaudited)	Nine months ended September 30, 2007(1) (unaudited)	Pro forma nine months ended September 30, 2007(2) (unaudited)
Statement of Operations Data:			
Net revenues	$ 1,452.9	$ 704.4	$ 1,192.5
Cost of sales (excludes depreciation and amortization)	800.1	391.1	654.9
Gross profit	652.8	313.3	537.6
Operating expense:			
Selling, general and administrative	327.9	146.3	252.1
Depreciation and amortization	158.4	66.8	118.8
Operating income	166.5	100.2	166.7
Other (income) expense:			
Interest expense	229.8	104.4	168.8
Other expense (income)	(4.2)	(6.7)	(8.8)
Early extinguishment of debt	1.3		
Income (loss) before income taxes	(60.4)	2.5	6.7
Income taxes	(22.2)	6.5	11.7
Net (loss) income from continuing operations	$ (38.2)	$ (4.0)	$ (5.0)

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	Pro forma year ended December 31, 2006 (unaudited)	Nine months ended September 30, 2007(1) (unaudited)
Other Financial Data:		
Pro forma EBITDA(8)	$ 327.3	262.4
Pro forma Adjusted EBITDA(8)	381.3	317.6
Capital expenditures	54.6(3)	31.1
Ratio of earnings to fixed charges(4)		1.0x
Balance Sheet Data (at end of period):		
Available cash and cash equivalents(5)		$ 154.4
Working capital(6)		485.6
Total assets		5,030.1
Total debt		2,620.6
Total net debt(7)		2,466.2
Total stockholders equity		1,081.2

(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 nine months ended September 30, 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 September 30, 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, 2006. KAR Holdings was incorporated on November 9, 2006, but had no operations until the consummation of the Transactions on April 20, 2007.

(3) The 2006 pro forma amount excludes amounts related to the IAAI 2006 Acquisitions prior to the respective acquisition date.

(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. The amount of deficiency for the pro forma year ended December 31, 2006 was $60.4 million.

(5) Available cash and cash equivalents excludes cash in transit, restricted cash balances and foreign cash not repatriated at ADESA.

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

(7) Represents total debt less available cash and cash equivalents, which excludes cash in transit, restricted cash balances and foreign cash not repatriated at ADESA.

(8) EBITDA is defined as net income (loss), plus interest expense net of interest income, income taxes and depreciation and amortization, as set out in detail below. Adjusted EBITDA consists of EBITDA as further adjusted to exclude (i) certain items and expenses that are permitted to be excluded from the calculation of Consolidated EBITDA, as that term is defined under our senior secured credit facilities and (ii) the expected incremental revenue and cost savings specified below.

We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors about certain covenants that we are required to satisfy under our senior secured credit facilities and notes and about our incremental revenue and cost savings. However, we cannot assure you that we will be able to realize these incremental revenues or cost savings or the timing thereof. See Risk Factors Risks Relating to Our Business We may not successfully implement our business strategies or realize our expected cost savings and revenue enhancements. EBITDA is also one of the measures management uses to assess our financial performance and is a metric used in certain of our management incentive programs.

Under our credit agreement and notes, we are required to maintain a Maximum Consolidated Senior Secured Leverage Ratio which is based on Adjusted EBITDA. 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 and Adjusted EBITDA are not recognized terms under GAAP and do not purport to be alternatives to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management s discretionary use, as they do not reflect certain cash requirements such as interest payments, tax payments and debt service requirements. Furthermore, we cannot assure you that charges and expenses categorized as non-recurring below will not recur in the future. Because not all companies use identical calculations, these presentations of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

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EBITDA and Adjusted EBITDA are reconciled to net income as follows

(unaudited):

(In millions)		Pro forma year ended December 31, 2006
Net loss	$	(38.2)
Add back: discontinued operations		
Income from continuing operations		(38.2)
Add back:		
Income taxes		(22.2)
Interest expense, net of interest income		229.3
Depreciation and amortization		158.4
EBITDA		327.3
Nonrecurring charges		16.3
Noncash and related non-recurring charges		18.0
Acquisition adjustments		4.4
Other considerations, net		2.8
Incremental cost savings		12.5
Adjusted EBITDA	$	381.3

(In millions)		Nine months ended September 30, 2007(a)
Net income	$	22.5
Add back: discontinued operations		
Income from continuing operations		22.5
Add back:		
Income taxes		32.9
Interest expense, net of interest income		116.5
Depreciation and amortization		90.5
EBITDA		262.4
Nonrecurring charges		11.7
Nonrecurring transaction charges		24.8
Noncash charges		7.1
Advisory services		1.8
		307.8
Pro forma impact of recent acquisitions		2.6
Pro forma cost savings per the credit agreement		7.2
Adjusted EBITDA	$	317.6

(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

Participating in the exchange offer involves a number of risks. You should consider carefully the following information about these risks, together with the other information included in this prospectus before tendering your Restricted Notes in the exchange offer. 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

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 in 2003, 2004, 2005 and 2006. 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 our 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 our 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 and Canadian exchange rate 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 our 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.

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.

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 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.

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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.

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 our 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.

We are, and may in the future 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 infringe 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 our 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.

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, including intellectual property 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 on us, there can be no assurance that the outcome of such proceedings will be as expected.

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Capacity reductions at the major U.S. original equipment manufacturers could negatively impact the 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 new vehicle sales impacts trade-ins and auction volumes.

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 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 our 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.

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Although we have experienced no significant breaches of our 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 our 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.

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.

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 environmental and safety 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 our remarketing services or auction facilities. While we have not to date incurred significant expenditures for preventive, investigative or remedial action with respect to contamination or the use of hazardous materials, we could in the future be exposed to such 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.

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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.

Our ability to operate our company 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 our 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 pro forma results which we discuss elsewhere in this prospectus.

We are dependent on good labor relations.

We have employees located both in the U.S. and in Canada. 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 our full- or part-time workforce or the necessary relationships with third-party providers, our operations may be adversely affected.

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.

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 nine months ended September 30, 2007, approximately 16% 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 our 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 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.

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 represents goodwill. Declines in our profitability may impact the fair value of our reporting units, which could result in a write-down of our goodwill and a reduction in net income.

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 may not be able to successfully integrate ADESA s and IAAI s operations.

On April 20, 2007, KAR Acquisition, Inc. merged with and into ADESA, with ADESA continuing as the surviving corporation. After consummation of the Merger and the related transactions, ADESA and IAAI became our wholly owned subsidiaries. Integration of the two previously independent companies may turn out to be more complex, time consuming and costly than we originally anticipated. Failure to successfully integrate these companies may have a material adverse effect on the combined company s business, financial condition and result of operations. The difficulties of combining the companies present challenges to our management, including:

- operating a larger combined company;
- integrating personnel with diverse backgrounds and organizational cultures;
- experiencing operational interruptions or the loss of key employees, customers or suppliers; and
- consolidating other corporate and administrative functions.

The combined company is also exposed to risks that are commonly associated with merger transactions, such as unanticipated liabilities and costs, some of which may be material, and diversion of management s attention. As a result, the anticipated benefits of the Merger may not be fully realized, if at all.

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 of our assets. The directors elected by the Equity Sponsors may be able to make decisions affecting our capital structure, including decisions to issue additional capital stock and incur additional debt. The interests of our 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.

Risks Relating to the Exchange 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 Exchange Notes.

As of September 30, 2007, our total debt was approximately $2.62 billion and we have approximately $300.0 million of available borrowing capacity under our senior secured credit facilities.

Our substantial indebtedness could have important consequences to you, including:

- making it more difficult for us to satisfy our obligations with respect to the Exchange 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 our 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 for us to react quickly to, changing conditions; and
- exposing us to risks inherent in interest rate fluctuations because some of our borrowings, including borrowings under our senior secured credit facilities, will be at variable rates of interest, which could result in higher interest expenses in the event of increases in interest rates.

See Description of Other Indebtedness, Description of Senior Exchange Notes and Description of Senior Subordinated Exchange Notes.

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

The indentures governing the Exchange Notes and the agreement governing our senior secured credit facilities contain, and our 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.

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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 Exchange 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 your claims as holders of the Exchange 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 our 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 our secured indebtedness will have prior claim to our assets that constitute their collateral. Holders of the Exchange Notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the Exchange Notes. In that event, because the Exchange 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 your claims in full.

As of September 30, 2007, the aggregate amount of our secured indebtedness, on a consolidated basis, was approximately $1,595.6 million, and approximately $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. See Description of Senior Exchange Notes and Description of Senior Subordinated Exchange Notes.

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

We are a holding company with no business operations, sources of income or assets of our own other than our ownership interests in our subsidiaries. Because all our operations are conducted by our subsidiaries, our cash flow and our ability to make payments on our debt, including the Exchange 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 our existing and future foreign subsidiaries, will not guarantee the Exchange Notes. The Exchange Notes will be structurally subordinated to all existing or future liabilities and preferred equity of these subsidiaries that do not guarantee the Exchange 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 Exchange Notes, will be subject to the prior claims of such subsidiary s creditors, including trade creditors, and preferred equity holders. As of September 30, 2007, the aggregate amount of liabilities of our subsidiaries that will not guarantee the Exchange Notes, including trade and other payables, was $336.1 million. For the period ending September 30, 2007, our subsidiaries that will not guarantee the Exchange Notes represented approximately 15.3% of our total assets and approximately 26.7% of our total revenues, in each case before intercompany eliminations.

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If we default on our 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 Exchange 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 Exchange Notes and substantially decrease the market value of the Exchange 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 were unable to repay those amounts, such holders or lenders could institute foreclosure proceedings against our assets, which could force us into bankruptcy or liquidation.

We require a significant amount of cash to service all of our indebtedness, including the Exchange 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 our debt, including the Exchange 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 our 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 Exchange 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 Exchange 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 our obligations to you under the Exchange 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 you losing your investment in the Exchange Notes.

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

The Senior Subordinated Exchange Notes and the guarantees thereof rank behind all of our and the guarantors existing indebtedness (other than trade payables) and all of our and their 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 Exchange 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 their 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 Exchange Notes or the guarantees thereof.

In addition, all payments on the Senior Subordinated Exchange 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 Exchange 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 Exchange 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.

As of September 30, 2007, we had approximately $2,195.6 million of senior indebtedness, including the Senior Restricted Notes, and approximately $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 Exchange 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 you 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 your Exchange 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 Exchange 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.

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Fraudulent transfer statutes may limit your rights as a holder of the Exchange 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 Exchange Notes;
- subordinate our obligations to holders of the Exchange Notes to our other existing and future indebtedness, entitling other creditors to be paid in full before any payment is made on the Exchange Notes; and
- take other action detrimental to holders of the Exchange Notes, including invalidating the Exchange Notes.

In that event, we cannot assure you that you 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 Exchange Notes were issued, we:

(1) issued the Exchange 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 Exchange Notes; and

(a) were insolvent or were rendered insolvent by reason of the issuance of the Exchange 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 Exchange Notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the Exchange 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 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 Exchange Notes.

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Our obligations under the Exchange Notes will be 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 Exchange 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 Exchange 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.

Risks Relating to the Exchange Offer and Holding the Exchange Notes

There is no public market for the Exchange Notes, and we do not know if a market will ever develop or, if a market does develop, whether it will be sustained.

We cannot assure you that a liquid market will develop for the Exchange Notes, that you will be able to sell your Exchange Notes at a particular time or that the prices that you receive when you sell the Exchange Notes will be favorable.

We do not intend to apply for listing or quotation of any series of Exchange Notes on any securities exchange or stock market, although our Restricted Notes trade on the PORTAL Market. The liquidity of any market for the Exchange Notes will depend on a number of factors, including:

- the number of holders of Exchange Notes;
- our operating performance and financial condition;
- our ability to complete the offer to exchange the Restricted Notes for the Exchange Notes;
- the market for similar securities;
- the interest of securities dealers in making a market in the Exchange Notes; and
- prevailing interest rates.

Holders of Restricted Notes who fail to exchange their Restricted Notes in the exchange offer will continue to be subject to restrictions on transfer. You may have difficulty selling the Restricted Notes that you do not exchange.

If you do not exchange your Restricted Notes for Exchange Notes in the exchange offer, you will continue to be subject to the restrictions on transfer applicable to the Restricted Notes. The restrictions on transfer of your Restricted Notes arise because we issued the Restricted Notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the Restricted Notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register the Restricted Notes under the Securities Act. For further information regarding the consequences of tendering your Restricted Notes in the exchange offer, see the discussion below under the caption The Exchange Offer Consequences of Exchanging or Failing to Exchange Restricted Notes.

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The tender of Restricted Notes under the Exchange Offer will reduce the outstanding amount of each series of Restricted Notes, which may have an adverse effect upon, and increase the volatility of, the market prices of the Restricted Notes due to a reduction in liquidity. Consequently, you may find it difficult to sell any Restricted Notes you continue to hold because there will be fewer Restricted Notes of such series outstanding.

You must comply with the exchange offer procedures in order to receive new, freely tradable Exchange Notes.

Delivery of Exchange Notes in exchange for Restricted Notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of book-entry transfer of Restricted Notes into the exchange agent s account at DTC, as depositary, including an agent s message (as defined herein). We are not required to notify you of defects or irregularities in tenders of Restricted Notes for exchange. Restricted Notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. See The Exchange Offer Procedures for Tendering Restricted Notes and The Exchange Offer Consequences of Exchanging or Failing to Exchange Restricted Notes.

Some holders who exchange their Restricted Notes may be deemed to be underwriters, and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your Restricted Notes in the exchange offer for the purpose of participating in a distribution of the Exchange Notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements 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 similar expressions identify forward-looking statements. Su 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 and conversion rates;
- trends in new and used vehicle sales and incentives, including wholesale used vehicle pricing;
- economic conditions including fuel prices and Canadian exchange rate 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;
- patent or other intellectual property infringement claims, which could have an impact on the business or operating results due to a disruption in business operations, the incurrence of significant costs and other factors;

- 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 hereof 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 modest 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

We will not receive any proceeds from the exchange offer. Any Restricted Notes that are properly tendered and exchanged pursuant to the exchange offer will be retired and cancelled.

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

Pro forma year ended December 31, 2006	Nine months ended September 30, 2007	Pro forma nine months ended September 30, 2007
(1)	1.0x	1.0x

ADESA[2]

Year ended December 31,					From January 1, 2007 to
2002	2003	2004	2005	2006	April 19, 2007
6.0x	8.9x	6.5x	6.2x	6.8x	6.1x

Insurance Auto Auctions, Inc.[3]

Year ended December 31,			December 27, 2004 through May 25,	May 26, 2005 through December 25,	Year ended December 31,	From January 1, 2007 to
2002	2003	2004	2005	2005	2006	April 19, 2007
1.9x	1.4x	3.0x	2.1x	(4)	(5)	1.1x

(1) The amount of deficiency was $60.4 million.

(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 September 30, 2007. 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 September 30, 2007 (in millions)
Available cash and cash equivalents(1)	$	154.4
Debt:		
Revolving credit facility(2)		
Term loan B		1,561.1
Floating Rate Senior Notes		150.0
8 3/4% Senior Notes		450.0
10% Senior Subordinated Notes		425.0
Total debt(3)		2,586.1
Total shareholders equity		1,081.2
Total capitalization	$	3,667.3

(1) Available cash and cash equivalents excludes cash in transit, restricted cash balances and foreign cash not repatriated.

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

(3) Excludes the Atlanta capital lease obligation of $34.5 million due to corresponding development revenue bonds included in other assets of an equal amount.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma consolidated financial data for the nine months ended September 30, 2007 is based on ADESA and IAAI s unaudited financial statements for the periods from January 1, 2007 to April 19, 2007 and KAR Holdings unaudited financial statements for the period from January 1, 2007 to September 30, 2007, as adjusted to give effect to the Transactions. The unaudited pro forma consolidated statement of operations data for the year ended December 31, 2006 and for the nine months ended September 30, 2007 give effect to the Transactions as if they had been consummated on January 1, 2006. The following unaudited pro forma consolidated financial data for the year ended December 31, 2006 is based on consolidated financial statements appearing elsewhere in this prospectus, as adjusted to give effect to the Transactions.

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.

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Unaudited Pro Forma Consolidated Statement of Operations

For the Nine Months Ended September 30, 2007

(Dollars in millions)	KAR Holdings January 1, 2007 to September 30, 2007(g)	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 September 30, 2007
Statement of Operations Data:					
Net revenues	$ 704.4	$ 371.3	$ 114.8	$ 2.0(a)	$ 1,192.5
Cost of goods sold	391.1	187.3	76.5		654.9
Gross profit	313.3	184.0	38.3	2.0	537.6
Selling, general & administrative expenses	146.3	85.5	19.5	0.8(b)	252.1
Depreciation & amortization	66.8	15.9	7.9	28.2(c)	118.8
Transaction expenses		24.8		(24.8)(d)	
Operating income	100.2	57.8	10.9	(2.2)	166.7
Interest expense	104.4	7.8	10.0	46.6(e)	168.8
Other expense (income)	(6.7)	(1.9)	(0.2)		(8.8)
Income (loss) before income taxes	2.5	51.9	1.1	(48.8)	6.7
Income taxes	6.5	24.9	1.5	(21.2)(f)	11.7
Net (loss) income from continuing operations	$ (4.0)	$ 27.0	$ (0.4)	$ (27.6)	$ (5.0)

(a) Reflects adjustment of finance receivables to fair value.

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

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

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

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

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

(g) 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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Unaudited Pro Forma Consolidated Statement of Operations

for the Year Ended December 31, 2006

(Dollars in millions)	ADESA December 31, 2006	IAAI December 31, 2006	Pro Forma IAAI 2006 Acquisitions Adjustments(a)	Pro Forma IAAI Adjusted December 31, 2006	Transactions Pro Forma Adjustments	Combined Pro Forma December 31, 2006
Statement of Operations Data:						
Net revenues	$ 1,103.9	$ 332.0	$ 17.0	$ 349.0	$	$ 1,452.9
Cost of goods sold	563.8	235.8	0.5	236.3		800.1
Gross profit	540.1	96.2	16.5	112.7		652.8
Selling, general and administrative	268.7	46.5	9.8	56.3	2.9(b)	327.9
Depreciation and amortization	46.5	23.9	0.2	24.1	87.8(c)	158.4
Operating income	224.9	25.8	6.5	32.3	(90.7)	166.5
Interest expense	27.4	30.6	0.4	31.0	171.4(d)	229.8
Early extinguishment of debt		1.3		1.3		1.3
Other expense (income)	(6.9)	2.7		2.7		(4.2)
Income (loss) before income taxes	204.4	(8.8)	6.1	(2.7)	(262.1)	(60.4)
Income taxes	77.6	(1.6)	1.4	(0.2)	(99.6)(e)	(22.2)
Net (loss) income from continuing operations	$ 126.8	$ (7.2)	$ 4.7	$ (2.5)	$ (162.5)	$ (38.2)

See accompanying notes to unaudited pro forma consolidated statement of operations.

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Notes to Unaudited Pro Forma Consolidated Statement of Operations

(a) Reflects the full-year impact of IAAI 2006 Acquisitions as if they had occurred on December 26, 2005.

(b) Reflects the net increase to selling, general and administrative expenses for the annual sponsor financial advisory fees.

(c) Represents pro forma depreciation and amortization for the full year resulting from our revalued assets.

(d) Represents pro forma interest expense resulting from our new capital structure, using, in the case of revolving and term loan borrowings, an assumed LIBOR rate of 5.36% as follows:

	Pro forma year ended December 31, 2006 (in millions)
Revolving credit facility(i)	$
Term loan B(ii)	118.6
Notes(iii)	95.9
Capital lease interest expense(iv)	1.7
Agency and commitment fees(v)	0.3
Amortization of capitalized debt issuance costs(vi)	13.3
Pro forma interest expense	229.8
Less historical interest expense, net(vii)	(58.4)
Total pro forma interest expense adjustment	$ 171.4

(i) Reflects no borrowings under and therefore no pro forma interest expense on the new revolving credit facility for up to $300.0 million of borrowings.

(ii) Reflects pro forma interest expense on the average borrowings outstanding under the term loan B.

(iii) Reflects pro forma interest expense on the principal balance of the notes.

(iv) Reflects historical interest expense related to capital lease obligations on a principal balance of $34.9 million at an average interest rate of 5.0%. Does not reflect interest income on related $34.5 million of development revenue bonds, which have a 5.0% interest rate.

(v) Reflects annual agency fees and commitment fees of 0.50% on an assumed $50.0 million average available and undrawn balance under our revolving credit facility.

(vi) Reflects non-cash amortization of capitalized debt issuance costs. These costs are amortized over the term of the related debt (six years for the revolving credit facility, six and one-half years for the term loan B, seven years for the senior notes and eight years for the senior subordinated notes).

(vii) Reflects historical interest expense on existing debt that is being refinanced.

(e) Represents the estimated tax effect of the pro forma adjustments to interest expense, depreciation and amortization and selling, general and administration expenses, calculated at an assumed combined federal and state effective rate applicable to KAR Holdings of 38.0%.

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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 Nine Months Ended September 30, 2007

The following consolidated financial data for the nine months ended September 30, 2007 is based on our unaudited financial statements for the period of January 1, 2007 to September 30, 2007. 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.)

	Nine months ended September 30, 2007 (unaudited)
Operations:	
Operating revenues	
ADESA Auction Services	$ 432.3
IAAI Salvage Services	208.4
AFC	63.7
Total operating revenues	$ 704.4
Operating expenses (exclusive of depreciation and amortization)	537.4
Operating profit	100.2
Interest expense	104.4
Loss from continuing operations	(4.0)
Net loss	(4.0)

	At September 30, 2007 (unaudited)
Financial Position:	
Working capital	$ 485.6
Total assets	5,030.1
Total debt	2,620.6
Total stockholders equity	1,081.2

	Nine months ended September 30, 2007 (unaudited)
Other Financial Data:	
Net cash provided by operating activities	$ 89.8

Capital expenditures	31.1
Depreciation and amortization	66.8

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Selected Historical Data of ADESA

For the Years Ended December 31, 2002, 2003, 2004, 2005 and 2006

The selected historical financial data of ADESA for the years ended December 31, 2004, 2005 and 2006 and as of December 31, 2005 and 2006 has been derived from the audited financial statements included elsewhere in this prospectus. The historical financial data for the years ended December 31, 2002 and 2003 and as of December 31, 2002, 2003 and 2004 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. In 2003, ADESA recognized a gain on the sale of real estate. As a result of these transactions and the transition to an independent public company, 2003, 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 2003, 2004, 2005 and 2006.

(Dollars in millions except where otherwise noted.)

For the year ended December 31,	2002	2003(1)	2004(2)	2005(3)	2006(4)
Operations:					
Operating revenues					
Auction services group	$ 722.9	$ 800.2	$ 808.9	$ 842.8	$ 959.9
Dealer services group	99.9	104.3	116.6	126.0	144.0
Total operating revenues	$ 822.8	$ 904.5	$ 925.5	$ 968.8	$ 1,103.9
Operating expenses (exclusive of depreciation and amortization)	617.3	668.2	676.6	700.6	832.5
Operating profit	173.2	201.3	213.0	227.4	224.9
Interest expense	22.5	16.0	25.4	31.2	27.4
Loss on extinguishment of debt			14.0	2.9	
Income from continuing operations	92.8	113.9	109.0	126.1	126.8
Net income	88.3	115.1	105.3	125.5	126.3

December 31,	2002	2003	2004	2005	2006
Financial Position:					
Working capital (deficit)	$ (86.1)	$ 56.8	$ 358.2	$ 302.0	$ 325.2
Total assets	1,491.6	1,656.8	1,915.0	1,945.5	1,975.3
Total debt	409.7	370.9	516.1	432.5	352.5
Total stockholders equity	788.7	950.2	1,011.4	1,089.9	1,203.5

For the year ended December 31,	2002	2003(7)	2004(8)	2005(9)	2006(10)
Other Financial Data:					
Net cash provided by operating activities	$ 181.7	$ 131.9	$ 175.5	$ 136.5	$ 190.9
Capital expenditures	66.5	26.8	31.2	55.3	37.1
Depreciation and amortization	32.3	35.0	35.9	40.8	46.5
Ratio of earnings to fixed charges(5)	6.0x	8.9x	6.5x	6.2x	6.8x

(1) 2003 operating expenses include a gain on sale of real estate of $3.4 million ($2.1 million after-tax).

(2) 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.

(3) 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.

(4) 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.

(5) 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 2002, 2003, 2004, 2005 and 2006

The statement of operations data of IAAI for 2004, 2005 and 2006 and the balance sheet data as of December 31, 2005 and December 25, 2006 have been derived from the consolidated financial statements included elsewhere in this prospectus that have been audited by KPMG LLP, independent registered public accounting firm, whose report is also included herein. The statement of operations data for 2002 and 2003 and balance sheet data for 2002, 2003 and 2004 have 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, 2004, 2003 and 2002 each consisted of 52 weeks and ended on December 25, 2005, December 26, 2004, December 28, 2003 and December 29, 2002, respectively.

	Predecessor				Successor	
	December 29, 2002	December 28, 2003	December 26, 2004	December 27, 2004 - May 24, 2005	May 25, 2005 - December 25, 2005	December 31, 2006
	(dollars in thousands)					
Selected Statement of Operations Data:						
Revenues	$ 234,197	$ 209,650	$ 240,179	$ 120,445	$ 160,410	$ 331,950
Earnings (loss) from operations	7,530	5,011	20,909	2,584	7,909	22,581
Net earnings (loss).	$ 4,008	$ 2,332	$ 12,265	$ (440)	$ (5,434)	$ (7,179)

	Predecessor			Successor	
	2002	2003	2004	2005	2006
	(dollars in thousands)				
Selected Balance Sheet Data (at period end):					
Cash and cash equivalents	$ 10,027	$ 15,486	$ 13,325	$ 25,882	$ 14,040
Working capital	23,787	25,159	16,881	52,002	49,973
Total assets	259,650	287,793	298,979	514,860	588,021
Total debt	4,009	29,147	24,642	265,022	344,842
Current debt	2,595	10,369	14,606	1,510	2,247
Long-term debt	1,414	18,778	10,036	263,512	342,595
Total shareholders equity	194,102	189,086	202,651	144,024	137,576

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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 of 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 preliminary estimates and certain reasonable assumptions, which, in certain instances, has resulted in changes to amortization and depreciation expense amounts. The final valuations are not yet complete; as such, the allocation of purchase price has not been completed and further adjustments to the preliminary allocations may be made in subsequent periods.

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 Salvage 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 58 ADESA sites as of January 21, 2008. ADESA Auctions also provide 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 the second largest provider with 134 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, inspections, evaluations, 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 independent used vehicle dealers. AFC conducts business at 91 loan production offices in the U.S. and Canada.

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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 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 Performance for the Nine Months Ended September 30, 2007

The volume of used vehicles coming to auction has increased in the first nine months of 2007 compared to the same period in 2006. In addition, ADESA s used vehicle conversion percentage increased from 60.8% in 2006 to 61.7% in 2007. However, retail used vehicle sales remain weak and are down for the nine months ended September 30, 2007 compared to the same period in 2006. This decline has continued to impact demand and used vehicle auction volumes.

Salvage vehicle supplies have been fairly strong throughout the industry in 2007 despite increased fuel prices. We believe increased complexity in vehicles contributed to a larger number of insurance claims resulting in a total loss. In addition, flooding in several markets throughout 2007 has added incremental units.

Industry Outlook and Trends

The decline in retail used vehicle sales experienced in 2006 has persisted throughout the first nine months of 2007. Retail used vehicle sales are down approximately 4% for the nine months ended September 30, 2007 as compared to the same period in 2006. This decline has continued to impact demand and used vehicle auction volumes. We believe that the weak retail used vehicle market is the result of several factors including used cars being priced high relative to new discounted vehicles, slow economic growth, negative equity on longer term used vehicle loans and vehicle longevity. In addition, new vehicle sales have also experienced a decline of approximately 3% through the first nine months of 2007, which impacts trade-ins and auction volumes. 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. While off-lease vehicles declined in 2006, lease penetration rates have been modestly increasing since 2004 and we expect that industry off-lease auction volumes may begin increasing in early 2008.

Wholesale used vehicle prices were up in September 2007 and averaged $9,849 as compared to $9,585 in September 2006, according to ADESA Analytical Services monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class.

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 affect 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

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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.

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 indirect 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. 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 Nine Months Ended September 30, 2007

The following unaudited pro forma condensed segment results of operations for the nine months ended September 30, 2007 are based on ADESA and IAAI s unaudited financial statements for the periods from January 1, 2007 to April 19, 2007 and KAR Holdings unaudited financial statements for the period from January 1, 2007 to September 30, 2007, as adjusted to combine the financial statements of ADESA Impa