

ADESA COLORADO, LLC  
Form S-1  
April 21, 2009  
Table of Contents

As filed with the Securities and Exchange Commission on April 20, 2009

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form S-1 Registration Statement and Post-Effective**  
**Amendment No.2 to**  
**FORM S-1**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**KAR Holdings, Inc.**

And the Guarantor Registrants Listed in the Table Below

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>5010</b> (Primary Standard Industrial Classification Code Number) <b>13085 Hamilton Crossing Boulevard</b> <b>Carmel, Indiana 46032</b> <b>(800) 923-3725</b>	<b>20-8744739</b> (I.R.S. Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Rebecca C. Polak, Esq.**  
**Executive Vice President, General Counsel and Secretary**

**KAR Holdings, Inc.**  
**13085 Hamilton Crossing Boulevard**  
**Carmel, Indiana 46032 (800) 923-3725**

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

*Copies of all communication to:*

**Gregory A. Fernicola, Esq.**  
**Skadden, Arps, Slate, Meagher & Flom LLP**  
**Four Times Square**  
**New York, New York 10036**  
**(212) 735-3000**  
**(212) 735-2000 (facsimile)**

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

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

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

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

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

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

Large accelerated filer "

Accelerated filer "

Non-accelerated filer

Smaller reporting company "

### CALCULATION OF REGISTRATION FEE

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

(1) An indeterminate amount of securities are being registered hereby to be offered solely for market-making purposes by Goldman Sachs & Co.

(2) Pursuant to Rule 457(q) under the Securities Act of 1933, as amended, no filing fee is required.

(3) Pursuant to Securities Act Rule 457(n), no separate registration fee is payable with respect to the guarantees.

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

**Table of Contents****TABLE OF ADDITIONAL REGISTRANTS**

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



**Table of Contents**

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

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

**EXPLANATORY NOTE**

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

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

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**Table of Contents**

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

**Subject to Completion, Dated April 20, 2009.**

**PROSPECTUS**

**KAR HOLDINGS, INC.**

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

**\$450,000,000 8<sup>3</sup>/<sub>4</sub>% Senior Notes Due 2014**

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

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

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

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

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

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

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

The date of this prospectus is \_\_\_\_\_, 2009.

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>SUMMARY</u>	1
<u>RISK FACTORS</u>	16
<u>FORWARD-LOOKING STATEMENTS</u>	30
<u>USE OF PROCEEDS</u>	32
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	32
<u>CAPITALIZATION</u>	33
<u>UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA</u>	34
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	36
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	41
<u>BUSINESS</u>	93
<u>MANAGEMENT</u>	110
<u>EXECUTIVE COMPENSATION</u>	113
<u>SECURITY OWNERSHIP AND CERTAIN BENEFICIAL OWNERSHIP</u>	136
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	140
<u>DESCRIPTION OF OTHER INDEBTEDNESS</u>	145
<u>DESCRIPTION OF SENIOR NOTES</u>	147
<u>DESCRIPTION OF SENIOR SUBORDINATED NOTES</u>	201
<u>BOOK-ENTRY, DELIVERY AND FORM</u>	257
<u>CERTAIN U.S. INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS</u>	260
<u>PLAN OF DISTRIBUTION</u>	263
<u>LEGAL MATTERS</u>	263
<u>EXPERTS</u>	263
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	264
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-1

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

KAR Holdings, Inc.

13085 Hamilton Crossing Boulevard

Carmel, Indiana 46032

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

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



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**Table of Contents**

**USE OF NON-GAAP MEASURES**

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

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

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

it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

it does not reflect changes in, or cash requirements for, our working capital needs;

it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

it does not reflect any cash income taxes that we may be required to pay;

assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and this measure does not reflect any cash requirements for such replacements;

it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;

it does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;

it does not reflect limitations on, or costs related to, transferring earnings from our subsidiaries to us; and

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

**Table of Contents**

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

Unless the context otherwise requires, in this prospectus, (i) we, us, our, the Company and KAR Holdings refer collectively to KAR Holdings, Inc., a 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.

## **Table of Contents**

### **SUMMARY**

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

### **Our Company**

#### ***Overview***

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

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

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

#### ***Business Segments***

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

#### ***ADESA Auctions***

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

## **Table of Contents**

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

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

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

### *IAAI Salvage*

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

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

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

### *AFC*

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

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

## **Table of Contents**

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

### **Competitive Strengths**

#### ***Leading North American Market Positions***

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

#### ***Broad North American Distribution Network***

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

#### ***Established Relationships with a Diversified Customer Base***

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

## **Table of Contents**

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

### ***Single-Source Service Provider of Value-Added Services***

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

### ***Strong Management Team with Significant Industry Experience***

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

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

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

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

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

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

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

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

## **Table of Contents**

### **Business Strategy**

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

#### ***Increase Whole Car Volume***

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

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

#### ***Realize Cost Savings and Enhance Revenues in Salvage Operations***

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

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

#### ***Reduce Costs and Enhance Revenues at ADESA Auctions***

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

Optimize management and staffing levels for each auction

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

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

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



Standardize fee structures for ancillary services

**Table of Contents**

***Expand through Selective Relocations, Greenfields and Acquisitions***

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