Insurance Auto Auctions Corp.
Form 424B3
August 29, 2008



**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-149137**

**PROSPECTUS**

# KAR HOLDINGS, INC.

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

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

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

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

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

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

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

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

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

The date of this prospectus is August 29, 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.

**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 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; 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 one of the principal internal measures of performance used by them. Management uses the Adjusted EBITDA measure to evaluate our performance and to evaluate results relative to incentive compensation targets. Adjusted EBITDA per the Credit Agreement adds the pro forma impact of recent acquisitions and the pro forma cost savings per the credit agreement to Adjusted EBITDA. This measure is used by our creditors in assessing debt covenant compliance and management believes its inclusion is appropriate to provide additional information to investors about certain covenants required pursuant to our senior secured credit facility and the notes.

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

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

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

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

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

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## SUMMARY

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

## Our Company

***Overview***

We are the second largest provider of whole car auctions, 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 August 15, 2008, we have a network of 62 whole car auction locations, 149 salvage auction locations and 97 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

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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. 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 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 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 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 2007, the most recent date available, we had estimated market shares of approximately 18% 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 62 whole car and 149 salvage auction locations enable us to provide a single source solution for our customers needs throughout North America. In addition, AFC has 97 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, 40 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

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

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

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

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

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

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

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

*Tom O Brien*, President and Chief Executive Officer of IAAI Salvage, has over 30 years experience in general management of various businesses, with 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. 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 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 2009.

***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

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*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. We are utilizing technology to provide additional service offerings across our whole car and salvage businesses to improve customers returns, shorten the claims processing cycle on the salvage side and lower overall transaction costs. In addition, we are enhancing our e-commerce products and services portfolio in order to better serve our whole car buyers and sellers. These information technology improvements should also allow us to reduce field staff through more efficient and reliable systems, while providing our institutional customers with quicker and better data analysis.

**The Transactions**

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

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

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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 $31 billion.

***GS Capital Partners***

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

***ValueAct Capital***

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

***Parthenon Capital***

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

## Summary Description of the Notes

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

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

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| Maturity Dates | The Floating Rate and Fixed Rate Senior Notes will mature on May 1, 2014 respectively. |
| | The Senior Subordinated Notes will mature on May 1, 2015. |
| Interest Payment Dates | With respect to the Floating Rate Senior Notes, May 1, August 1, November 1 and February 1 of each year, commencing August 1, 2007. |
| | With respect to the Fixed Rate Senior Notes and the Senior Subordinated Notes, May 1 and November 1 of each year, commencing November 1, 2007. |
| Guarantees | The Floating Rate and Fixed Rate Senior Notes 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 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 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 June 30, 2008, the aggregate amount of liabilities of our non-guarantor subsidiaries, including trade and other payables, was $275.5 million. |
| | Because the Notes are unsecured, in the event of bankruptcy, liquidation, reorganization or other winding up of our company or the guarantors or upon default in payment with respect to, or the acceleration of, any indebtedness under our senior secured credit facility or other secured indebtedness, the assets of our company and the guarantors that secure other secured indebtedness will be available to pay obligations on the Notes and the guarantees only after all indebtedness under such other secured indebtedness has been repaid in full from such assets. See Description of Other Indebtedness. |

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As of June 30, 2008, the Senior Notes would have been effectively subordinated to approximately $1,583.9 million of our and the guarantors secured debt and there would have been $300.0 million of additional availability under our senior secured credit facilities.

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

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

As of June 30, 2008, the Senior Subordinated Notes would have been (i) subordinated to $2,183.9 million of our and the guarantors senior debt, including the Senior Notes, and there would have been $300.0 million of additional availability under our senior secured credit facilities and (ii) structurally subordinated to $275.5 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 Notes at the redemption prices listed under Description of Senior Notes Optional Redemption Floating Rate Senior Notes. |
| | We may, at our option, redeem some or all of the Fixed Rate Senior Notes at the redemption prices listed under Description of Senior Notes Optional Redemption Fixed Rate Senior Notes. |
| | We may, at our option, redeem some or all of the Senior Subordinated Notes at the redemption prices listed under Description of Senior Subordinated Notes Optional Redemption. |
| | In addition, on or prior to May 1, 2010, we may, at our option, redeem up to 35% of each series of the Notes with the proceeds of certain equity offerings at the redemption price listed under Description of Senior Notes Optional Redemption and Description of Senior Subordinated Notes Optional Redemption. |
| Mandatory Repurchase Offer | If we experience specific types of changes in control, we must offer to repurchase the Notes at a price equal to 101% of the principal amount |

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

**Risk Factors**

You should carefully consider the information set forth under Risk Factors beginning on page 17 before deciding to invest in the Notes.

**Information About KAR Holdings**

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

**Summary Historical and Pro Forma Consolidated Financial Data**

The following table sets forth our summary historical consolidated financial data and summary unaudited pro forma consolidated income statement data, at the dates and for the periods indicated. The summary historical consolidated financial data as of and for the year ended December 31, 2007 has been derived from our audited consolidated financial statements and the related notes included elsewhere in this prospectus. The summary historical consolidated financial data as of and for the six months ended June 30, 2008 has 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, 2007 have been prepared to give effect to the Transactions as if they had occurred on the first day of the fiscal year 2007 (January 1, 2007 for each of IAAI and ADESA). The summary unaudited pro forma consolidated financial data does not purport to represent what our results of operations, balance sheet data or financial information would have been if the Transactions had occurred as of the dates indicated, or what such results will be for any future period.

The following selected financial data should be read in conjunction with Use of Non-GAAP Measures, Selected Historical Consolidated Financial Data, Unaudited Pro Forma Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, the audited and 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) | Year ended December 31, 2007(1) | Pro forma year ended December 31, 2007(2) (unaudited) | Six months ended June 30, 2008 (unaudited) |
|---|---|---|---|
| **Statement of Operations Data:** | | | |
| Net revenues | $ 1,102.8 | $ 1,591.0 | $ 930.6 |
| Cost of sales (excludes depreciation and amortization) | 627.4 | 891.2 | 531.5 |
| Gross profit | 475.4 | 699.8 | 399.1 |
| Operating expense: | | | |
| Selling, general and administrative | 242.4 | 348.2 | 192.5 |
| Depreciation and amortization | 126.6 | 181.2 | 92.3 |
| Operating income | 106.4 | 170.4 | 114.3 |
| Other (income) expense: | | | |
| Interest expense | 162.3 | 232.4 | 109.4 |
| Other expense (income) | (7.6) | (9.7) | 0.8 |
| Income (loss) before income taxes | (48.3) | (52.3) | 4.1 |
| Income taxes | (10.0) | (4.7) | 1.1 |
| Net (loss) income from continuing operations | $ (38.3) | $ (47.6) | $ 3.0 |

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| | Year ended December 31, 2007(1) | Six months ended June 30, 2008 (unaudited) |
|---|---|---|
| **Other Financial Data:** | | |
| EBITDA(7) | $ 327.3 | $ 204.4 |
| Adjusted EBITDA per the Credit Agreement (7) | 405.2 | 236.4 |
| Cash flow from operations | 96.8 | 91.5 |
| Capital expenditures | 62.7 | 45.7 |
| Ratio of earnings to fixed charges(3) | | 1.0 |
| **Balance Sheet Data (at end of period):** | | |
| Available cash and cash equivalents(4) | $ 81.6 | $ 2.1 |
| Working capital(5) | 442.1 | 341.1 |
| Total assets | 4,530.8 | 4,608.5 |
| Total debt | 2,616.7 | 2,614.2 |
| Total net debt(6) | 2,535.1 | 2,612.1 |
| Total stockholders equity | 1,013.6 | 1,009.8 |

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

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

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

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

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

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

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

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

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gains and losses on hedge agreements; (i) minority interest expense; (j) expenses associated with the consolidation of salvage operations; (k) consulting expenses incurred for cost reduction, operating restructuring and business improvement efforts; (l) expenses realized upon the termination of employees and the termination or cancellation of leases, software licenses or other contracts in connection with the operational restructuring and business improvement efforts; 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 one of the principal internal measures of performance used by them. Management uses the Adjusted EBITDA measure to evaluate our performance and to evaluate results relative to incentive compensation targets. Adjusted EBITDA per the Credit Agreement adds the pro forma impact of recent acquisitions and the pro forma cost savings per the credit agreement to Adjusted EBITDA. This measure is used by our creditors in assessing debt covenant compliance and management believes its inclusion is appropriate to provide additional information to investors about certain covenants required pursuant to our senior secured credit facility and the notes. EBITDA, Adjusted EBITDA and Adjusted EBITDA per the Credit Agreement measures have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the results as reported under GAAP. These measures may not be comparable to similarly titled measures reported by other companies.

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

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

| **(In millions)** | **Year ended December 31, 2007(a)** | **Six months ended June 30, 2008** |
|---|---|---|
| Net (loss) income | $ (11.8) | $ 3.0 |
| Add back: discontinued operations | 0.1 | |
| (Loss) income from continuing operations | (11.7) | 3.0 |
| Add back: | | |
| Income taxes | 16.4 | 1.1 |
| Interest expense, net of interest income | 172.2 | 108.0 |
| Depreciation and amortization | 150.4 | 92.3 |
| EBITDA | 327.3 | 204.4 |
| Nonrecurring charges | 24.2 | 18.3 |
| Nonrecurring transaction charges | 24.8 | |
| Noncash charges | 16.6 | 9.4 |
| Advisory services | 2.6 | 1.8 |
| Adjusted EBITDA | $ 395.5 | $ 233.9 |
| Pro forma impact of recent acquisitions | 4.7 | 2.5 |
| Pro forma cost savings per the credit agreement | 5.0 | |
| Adjusted EBITDA per the Credit Agreement | $ 405.2 | $ 236.4 |

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

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## RISK FACTORS

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

### Risks Related to Our Business

***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. The number of off-lease vehicles available at auction was up modestly in 2007. 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.

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.

***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

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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.

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

Fluctuations between U.S. and Canadian currency values may adversely affect our results of operations and financial position. In addition, there may be tax inefficiencies in repatriating cash from Canada. For the year ended December 31, 2007, approximately 17% of our revenues were attributable to our Canadian operations. A decrease in the value of the Canadian currency relative to the U.S. dollar could reduce our profits from 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.

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***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.

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### Risks Relating to the Notes

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

As of June 30, 2008, our total debt was approximately $2.6142 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 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 Notes and Description of Senior Subordinated Notes.

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

The indentures governing the Notes and the agreement governing our senior secured credit facilities contain, and 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 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 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 Notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the Notes. In that event, because the Notes and the guarantees will not be secured by any of our assets, it is possible that our remaining assets might be insufficient to satisfy your claims in full.

As of June 30, 2008, the aggregate amount of our secured indebtedness, on a consolidated basis, was approximately $1,583.9 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 Notes and Description of Senior Subordinated 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 Notes. In addition, the structural subordination of the Notes to certain of our subsidiaries liabilities may limit our ability to make payment on the Notes.***

We are a holding company with no business operations, sources of income or assets 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 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 Notes. The Notes will be structurally subordinated to all existing or future liabilities and preferred equity of these subsidiaries that do not guarantee the Notes. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any such subsidiary, we, as a common equity owner of such subsidiary, and, therefore, holders of our debt, including holders of the Notes, will be subject to the prior claims of such subsidiary s creditors, including trade creditors, and preferred equity holders. As of June 30, 2008, the aggregate amount of liabilities of our subsidiaries that will not guarantee the Notes, including trade and other payables, was $275.5 million. For the six months ending June 30, 2008, our subsidiaries that will not guarantee the Notes represented approximately 15.1% of our total assets and approximately 22.9% of our total revenues, in each case before intercompany eliminations.

***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 Notes.***

Any default under the agreements governing our indebtedness, including a default under our senior secured credit facilities that is not waived by the required lenders, could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to

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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 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 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 Notes. We may not be able to take any of these actions. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, particularly because of our high levels of debt and the restrictions imposed by the agreement governing our senior secured credit facilities and the indenture governing the Notes on our ability to incur additional debt and use the proceeds from asset sales. If we must sell our assets, it may negatively affect our ability to generate revenue. The inability to obtain additional financing could have a material adverse effect on our financial condition and on our ability to meet our obligations to you under the Notes.

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

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

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

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

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

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

As of June 30, 2008, we had approximately $2,183.9 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 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 Notes unless we are able to refinance or obtain waivers under our senior secured credit facilities and any such future debt agreements. Our failure to repurchase the Notes upon a change of control would cause a default under the indenture and a cross-default under our senior secured credit facilities. In addition, certain corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change of control under the indentures.

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

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

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

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

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

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

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

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

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

Many of the foregoing terms are defined in or interpreted under those fraudulent transfer statutes. A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the Notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the Notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

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

- the sum of its debts (including contingent liabilities) is greater than its assets, at fair valuation;

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured; or

- it could not pay its debts as they become due.

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

Our obligations under the Notes 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 Notes return any amounts paid under a guarantee to the relevant guarantor or to a fund for the benefit of its creditors, or take other action detrimental to the holders of Notes. In addition, the liability of each guarantor under the indenture will be limited to the amount that will result in its guarantee not constituting a fraudulent conveyance or improper corporate distribution, and there can be no assurance as to what standard a court would apply in making a determination as to what would be the maximum liability of each guarantor.

***There is no public market for the 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 Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell the Notes will be favorable.

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

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

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## FORWARD-LOOKING STATEMENTS

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

- fluctuations in consumer demand for and in the supply of used, leased and salvage vehicles and the resulting impact on auction sales volumes, conversion rates and loan transaction volumes;
- trends in new and used vehicle sales and incentives, including wholesale used vehicle pricing;
- the ability of consumers to lease or finance the purchase of new and/or used vehicles;
- 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

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

## RATIO OF EARNINGS TO FIXED CHARGES

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

**KAR Holdings**

| Year ended December 31, 2007 | Pro forma year ended December 31, 2007 | Six months ended June 30, 2008 |
|---|---|---|
| (1) | (1) | 1.0x |

**ADESA(2)**

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

**Insurance Auto Auctions, Inc.(3)**

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

(1) The amount of deficiency was $48.3 million and $52.3 million for the year ended December 31, 2007 and the pro forma year ended December 31, 2007, respectively.

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

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

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

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

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## CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2008. You should read the data set forth in the table below in conjunction with the Unaudited Pro Forma Consolidated Financial Data, Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the historical consolidated financial statements and accompanying notes thereto appearing elsewhere in this prospectus.

| | As of June 30, 2008 (in millions) |
|---|---|
| Available cash and cash equivalents(1) | $ 2.1 |
| Debt: | |
| Revolving credit facility(2) | |
| Term loan B | 1,549.3 |
| Floating Rate Senior Notes | 150.0 |
| 8 3/4% Senior Notes | 450.0 |
| 10% Senior Subordinated Notes | 425.0 |
| Canadian line of credit | 5.4 |
| Total debt(3) | 2,579.7 |
| Total shareholders equity | 1,009.8 |
| Total capitalization | $ 3,589.5 |

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

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

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

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**Unaudited Pro Forma Consolidated Statement of Operations**

**For the Year Ended December 31, 2007**

| (Dollars in millions) | KAR Holdings January 1, 2007 to December 31, 2007(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 December 31, 2007 |
|---|---|---|---|---|---|
| **Statement of Operations Data:** | | | | | |
| Net revenues | $ 1,102.8 | $ 371.3 | $ 114.8 | $ 2.1(a) | $ 1,591.0 |
| Cost of goods sold | 627.4 | 187.3 | 76.5 | | 891.2 |
| Gross profit | 475.4 | 184.0 | 38.3 | 2.1 | 699.8 |
| Selling, general & administrative expenses | 242.4 | 85.5 | 19.5 | 0.8(b) | 348.2 |
| Depreciation & amortization | 126.6 | 15.9 | 7.9 | 30.8(c) | 181.2 |
| Transaction expenses | | 24.8 | | (24.8)(d) | |
| Operating income | 106.4 | 57.8 | 10.9 | (4.7) | 170.4 |
| Interest expense | 162.3 | 7.8 | 10.0 | 52.3(e) | 232.4 |
| Other expense (income) | (7.6) | (1.9) | (0.2) | | (9.7) |
| Income (loss) before income taxes | (48.3) | 51.9 | 1.1 | (57.0) | (52.3) |
| Income taxes | (10.0) | 24.9 | 1.5 | (21.1)(f) | (4.7) |
| Net (loss) income from cont. operations | $ (38.3) | $ 27.0 | $ (0.4) | $ (35.9) | $ (47.6) |

(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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## 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 Six Months Ended June 30, 2008 and Year Ended December 31, 2007

The following consolidated financial data for the year ended December 31, 2007 is based on our audited financial statements for the period of January 1, 2007 to December 31, 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.)*

| | Year ended December 31, 2007 | Six months ended June 30, 2008 (unaudited) |
|---|---|---|
| **Operations:** | | |
| Operating revenues | | |
| ADESA Auction Services | $ 677.7 | $ 576.3 |
| IAAI Salvage Services | 330.1 | 290.6 |
| AFC | 95.0 | 63.7 |
| Total operating revenues | $ 1,102.8 | 930.6 |
| Operating expenses (exclusive of depreciation and amortization) | 869.8 | 724.0 |
| Operating profit | 106.4 | 114.3 |
| Interest expense | 162.3 | 109.4 |
| Net (loss) income | (38.3) | 3.0 |

| | At December 31, 2007 | At June 30, 2008 (unaudited) |
|---|---|---|
| **Financial Position:** | | |
| Working capital | $ 442.1 | $ 341.1 |
| Total assets | 4,530.8 | 4,608.5 |
| Total debt | 2,616.7 | 2,614.2 |
| Total stockholders equity | 1,013.6 | 1,009.8 |

| | Year ended December 31, 2007 | Six months ended June 30, 2008 (unaudited) |
|---|---|---|
| **Other Financial Data:** | | |
| Net cash provided by operating activities | $ 96.8 | $ 91.5 |
| Capital expenditures | 62.7 | 45.7 |

| | | |
|---|---|---|
| Depreciation and amortization | 126.6 | 92.3 |

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**Selected Historical Data of ADESA**

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

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

| **For the year ended December 31,** | **2003** | **2004** | **2005** | **2006** |
|---|---|---|---|---|
| **Other Financial Data:** | | | | |
| Net cash provided by operating activities | $ 131.9 | $ 175.5 | $ 136.5 | $ 190.9 |
| Capital expenditures | 26.8 | 31.2 | 55.3 | 37.1 |
| Depreciation and amortization | 35.0 | 35.9 | 40.8 | 46.5 |
| Ratio of earnings to fixed charges(5) | 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).

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(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 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 2003 and balance sheet data for 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 and 2003 each consisted of 52 weeks and ended on December 25, 2005, December 26, 2004 and December 28, 2003, respectively.

| | Predecessor | | | Successor | |
|---|---|---|---|---|---|
| | **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 | $ 209,650 | $ 240,179 | $ 120,445 | $ 160,410 | $ 331,950 |
| Earnings (loss) from operations | 5,011 | 20,909 | 2,584 | 7,909 | 22,581 |
| Net earnings (loss). | $ 2,332 | $ 12,265 | $ (440) | $ (5,434) | $ (7,179) |