




Analyst Day
March 28, 2012

KAR AUCTION SERVICES℠







Analyst Day Agenda

- Welcome & Opening Remarks
  Mike Russo, General Manager, ADESA Phoenix
- ADESA Phoenix Auction Tour
- OPENLANE Tour
- Corporate Overview
  Eric Loughmiller, EVP & Chief Financial Officer
- OPENLANE Overview
  Peter Kelly, CEO and President OPENLANE
- Q&A






Corporate Overview
Eric Loughmiller
EVP & Chief Financial Officer

KAR AUCTION SERVICES℠







Forward-Looking Statements

This presentation includes forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward looking statements are subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected, expressed or implied by such forward-looking statements. Many of these risk factors are outside of the company's control, and as such, they involve risks which are not currently known to the company that could cause actual results to differ materially from forecasted results. Factors that could cause or contribute to such differences include those matters disclosed in the company's Securities and Exchange Commission filings. The forward-looking statements in this document are made as of the date hereof and the company does not undertake to update its forward-looking statements.

Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA, free cash flow, adjusted net income and adjusted net income per share, and percentages or calculations using these measures, as presented herein, are supplemental measures of the company's 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 the company's financial performance under GAAP and should not be considered as substitutes for net income (loss) or any other performance measures derived in accordance with GAAP. See Appendix for additional information and a reconciliation of these non-GAAP measures to GAAP net income (loss).

Leading Provider of Vehicle Auction Services in North America

KAR AUCTION SERVICES

2011 Revenue: $1,886mm
2011 Adj. EBITDA: $487mm[1]
~3.1mm Vehicles Sold in 2011

ADESA WORKING WONDERS

2011 Revenue[2]: $1,186mm
2011 Adj. EBITDA[2]: $334mm

- Top 2 whole car auction position
- 25% market share (Including OPENLANE)
- 69 ADESA locations
- 103 AFC locations
- OPENLANE online auctions

IAA INSURANCE AUTO AUCTIONS

2011 Revenue: $700mm
2011 Adj. EBITDA: $212mm

- Top 2 salvage vehicle auction position
- 35% - 40% market share
- 160 locations
- Live and live online auctions

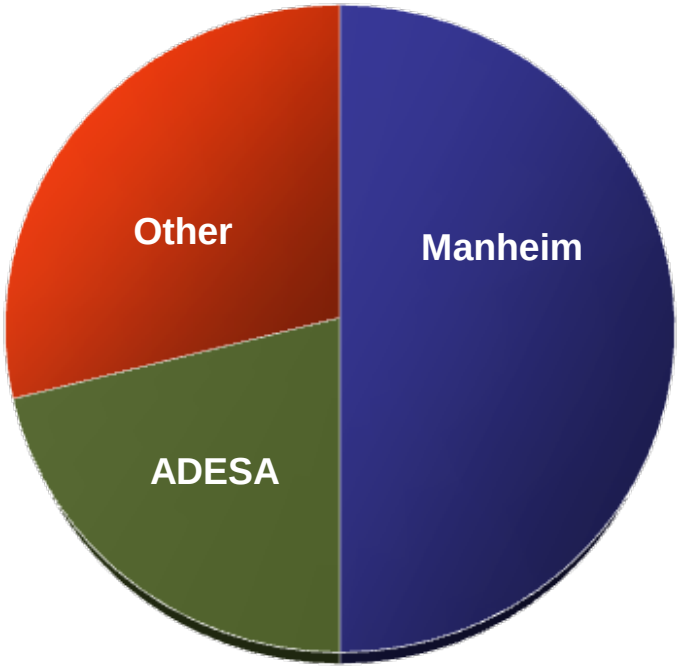
[1] *Includes corporate charges of $59mm*

[2] *Includes AFC revenue of $169mm and adjusted EBITDA of $102mm*

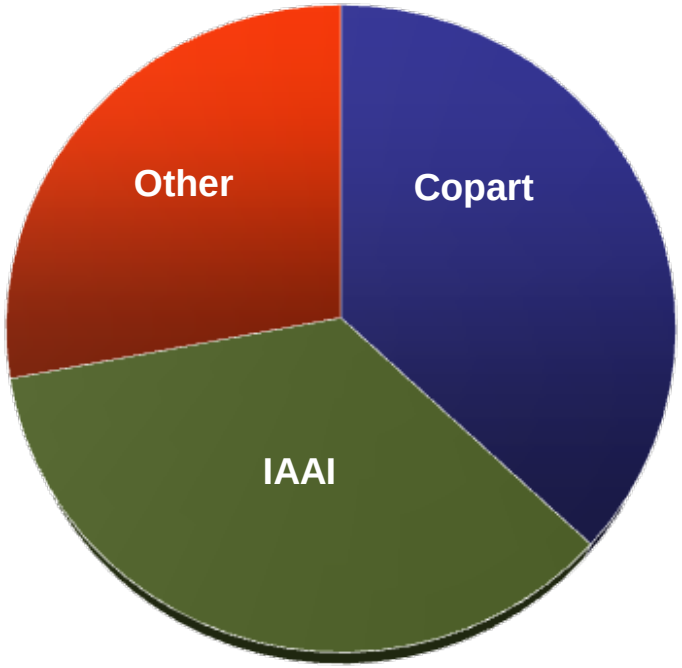
Leader in Whole Car and Salvage Auction Markets

KAR AUCTION SERVICES

Whole Car Market Share

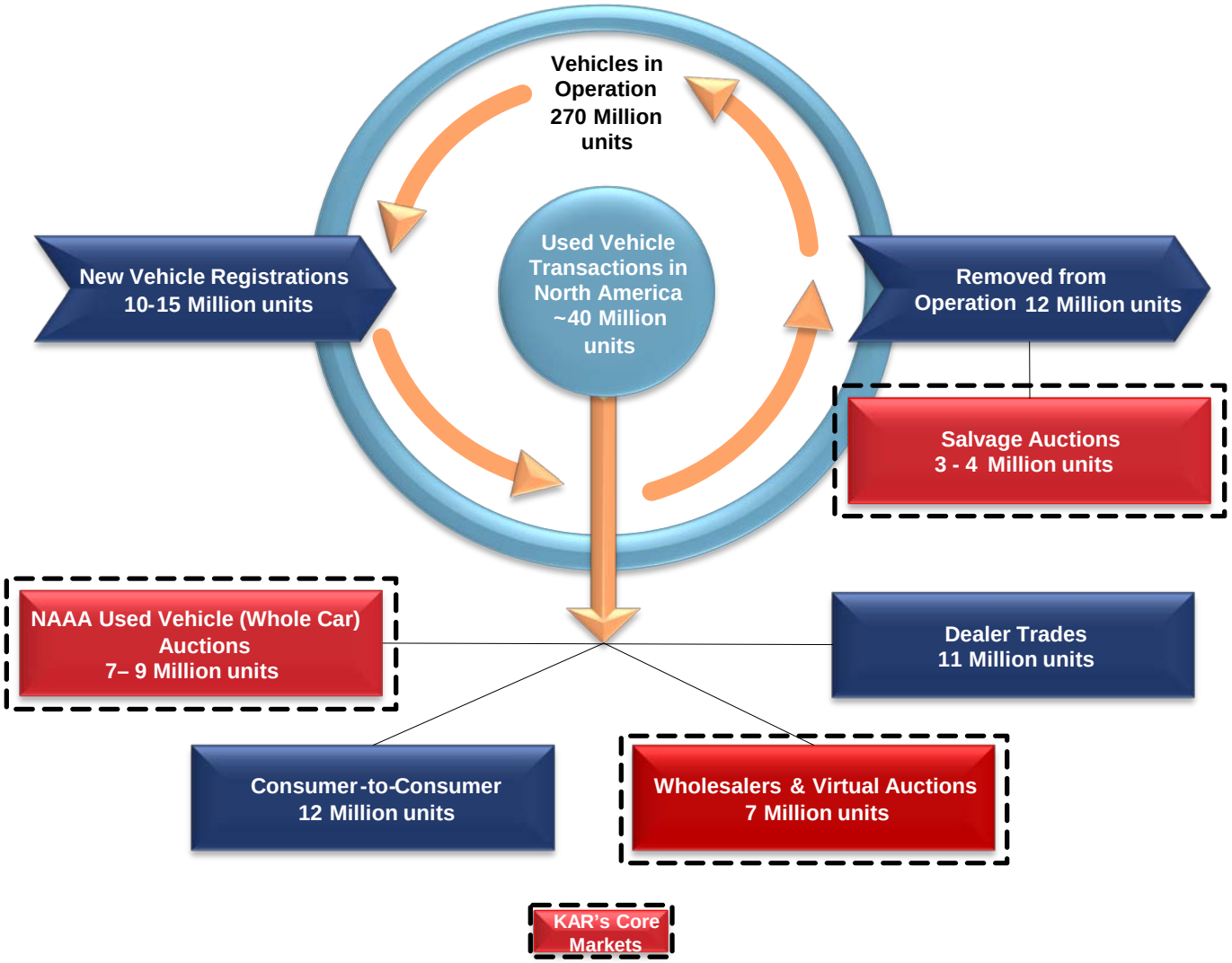


Salvage Market Share



Source: North American market share based on company estimates.

Vehicle Remarketing Life Cycle



Source: Used vehicle (whole car) per National Auto Auction Association. New vehicle registrations, vehicles in operation and vehicles removed from operation per R.L. Polk & Co. Used vehicle transactions and consumer to consumer transactions per CNW Marketing for the U.S. and DesRosiers Automotive Consultants for Canada as well as company estimates.

Vehicle Flow – Whole Car and Salvage Markets

KAR AUCTION SERVICES

Whole Car Consignors

- Dealers
- OEMs and their Captive Finance Arms
- Commercial Fleet Customers
- Financial Institutions
- Rental Car Companies

Whole Car Buyers

- Franchised Dealers
- Independent Dealers
- Wholesale Dealers

ADESA WORKING WONDERS™

AA INSURANCE AUTO AUCTIONS

Seller → **Auction Fee** →  ← **Auction Fee** ← **Buyer**

Value-Added Ancillary Services

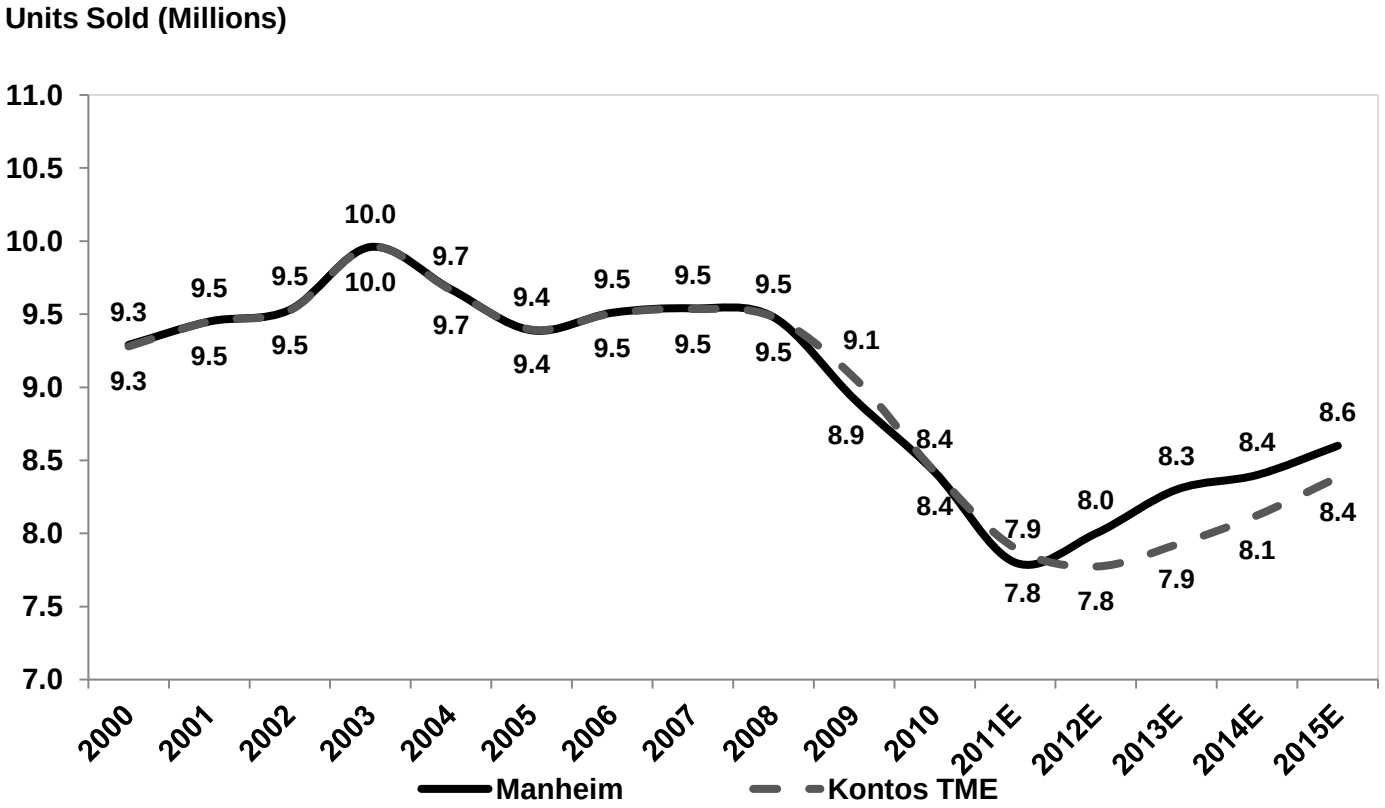
Salvage Vehicle Consignors

- Insurance Companies
- Charities
- Whole Car Providers

Salvage Buyers

- Dismantlers
- Rebuilders & Resellers
- Recyclers

North American Wholesale Volume Forecasts (1)



Peak to trough -22%

** Manheim - Manheim Consulting/Goldman Sachs*
** Kontos TME – Kontos Total Market Estimates*

(1) Excludes OPENLANE units sold.

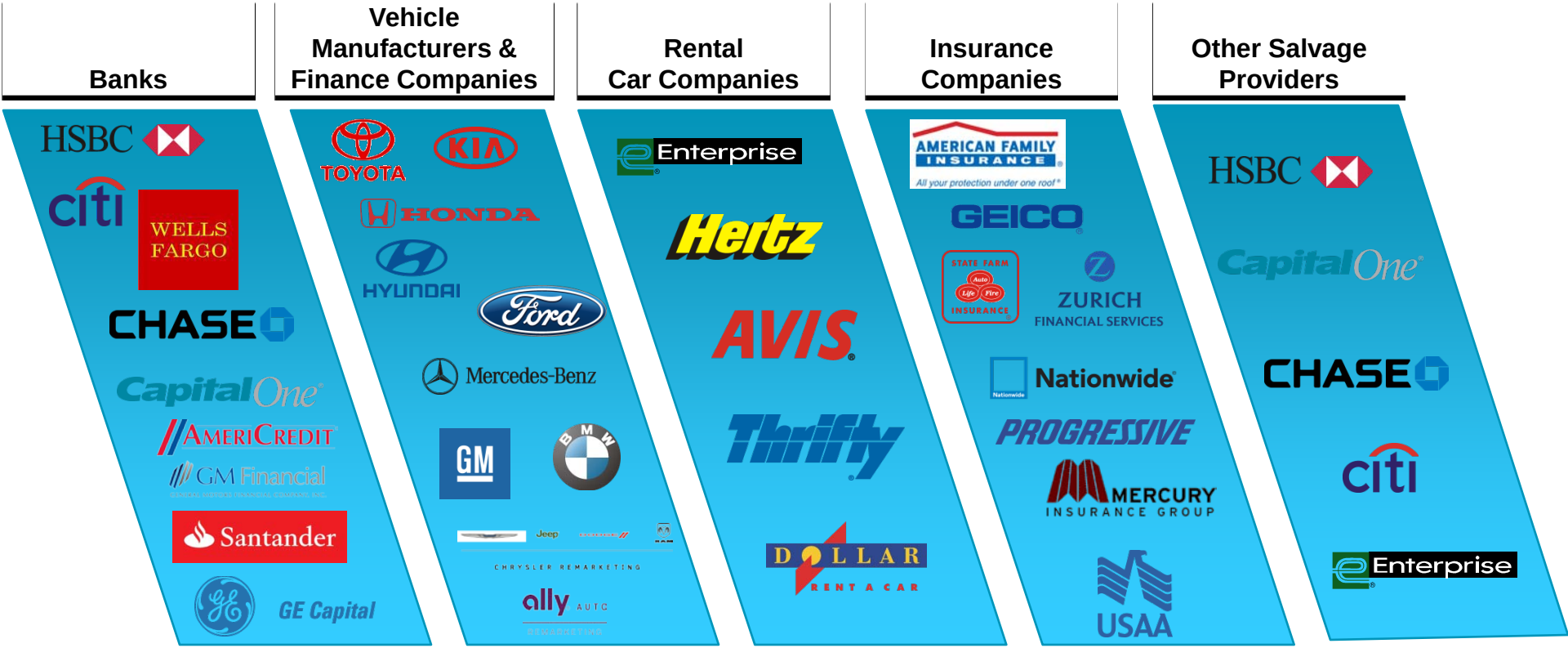
Comprehensive End-to-End Remarketing Solutions

KAR AUCTION SERVICES℠

Before Auction	At Auction	After Auction
▪ Recovery administration (PAR/RDN) ▪ Towing / Transportation ▪ Vehicle Tracking (AuctionTrac) ▪ Inspections and Condition Reports (AutoVin) ▪ Marshalling	▪ Secured storage ▪ Inspections ▪ Body ▪ Mechanical ▪ Detailing ▪ Glass, Keys, PDR (Dent Demon) ▪ Titling ▪ e-Business	▪ Floorplan Financing (AFC) ▪ Post-Sale Inspections ▪ Reporting ▪ Collection and Funds Transfer ▪ Vehicle Logistics (CarsArrive) ▪ Lot Audits (AutoVin)

Established Relationships with Vehicle Providers & Buyers

- The Company does business with major suppliers of whole car and salvage vehicles
- Average relationship of over ten years with top ten vehicle suppliers
- Largest customer less than 3% of 2011 consolidated revenue
- Registered whole car and salvage buyers from over 100 countries



IAA – Providing the Advantage in Salvage Auto Auctions

KAR AUCTION SERVICES

Overview

- Leading seller of total loss vehicles
- Largest facility footprint in N.A.
- Live and "live on-line" model

2011 Growth

- Revenue +15%
- Adjusted EBITDA +14%
- Volume +9%

Technology Driven

- Approximately 50% of units sold on-line
- Integrated into major providers via CSAToday
- Applications for use on mobile devices

AFC – Disciplined Growth

Overview

- Complements KAR's offerings
- Fee driven business
- Retain title as collateral

2011 Growth

- Revenue
- Margins
- Adjusted EBITDA
- Loan Transactions

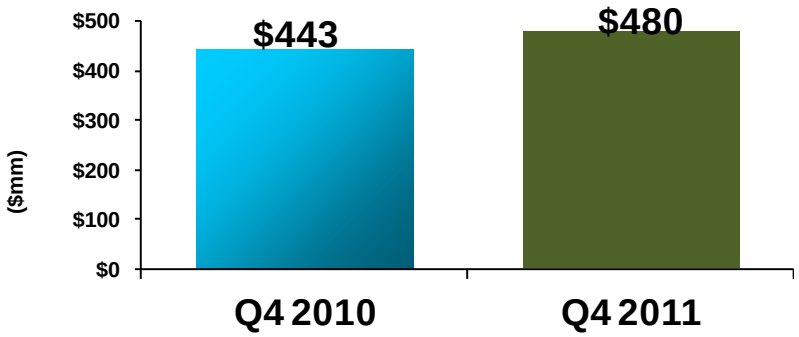
Portfolio

- $883M at 12/31/11
- 99% current
- $750M committed liquidity*
  - $610M drawn

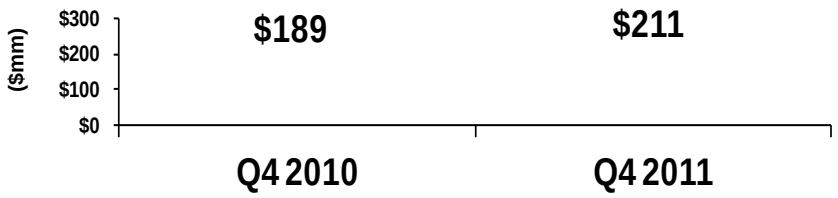
* U.S. & Cdn facility commitments through June 2014.

Fourth Quarter Performance

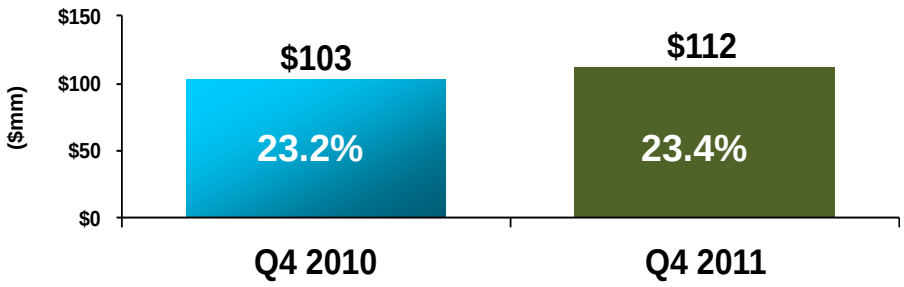
Revenue



Gross Profit*



Adjusted EBITDA



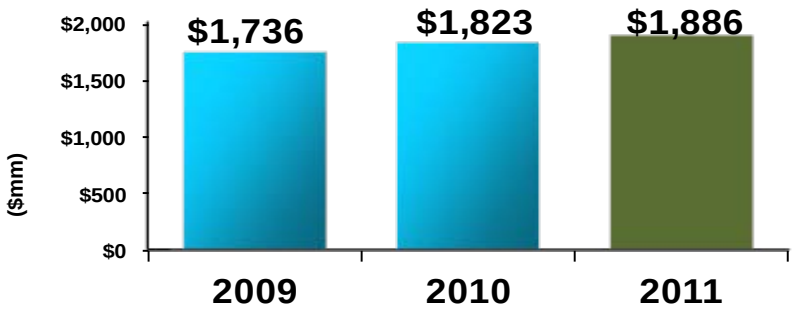
Adjusted Net Income Per Share



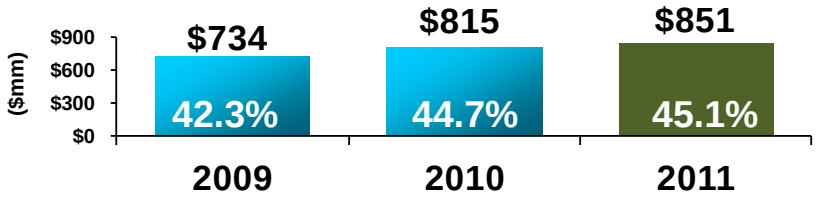
* *Excludes depreciation and amortization expense*

Consolidated Annual Financial Highlights

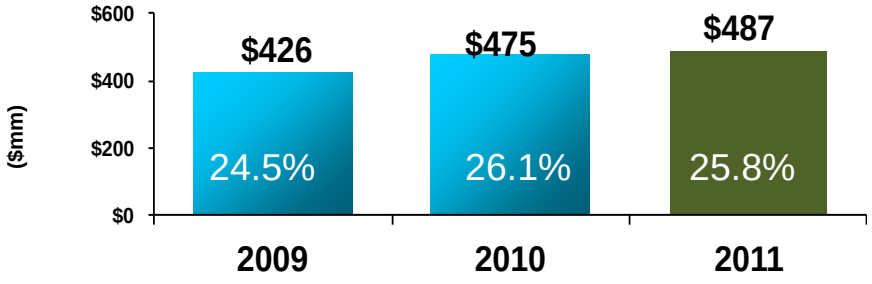
Revenue



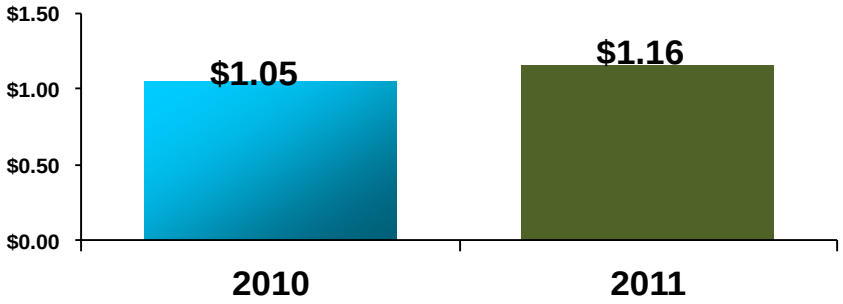
Gross Profit*



Adjusted EBITDA

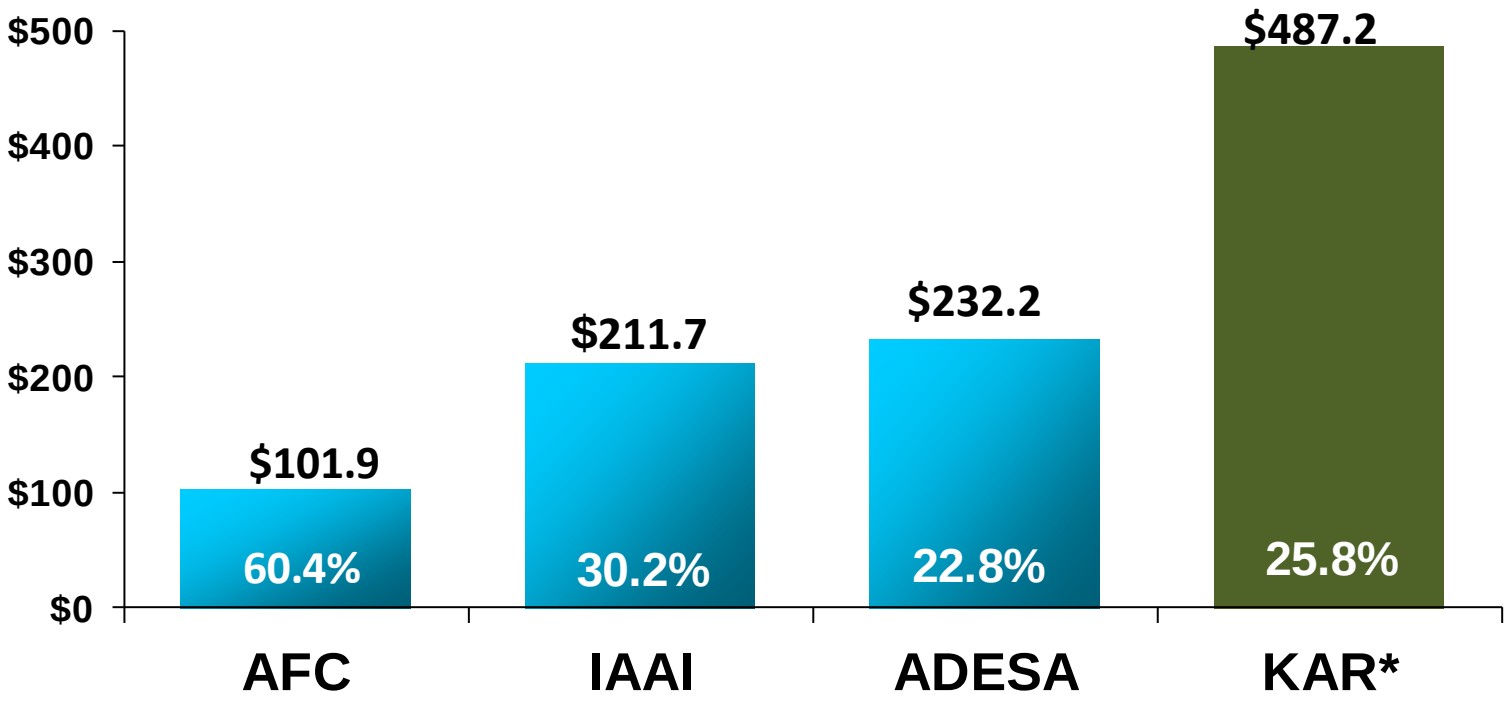


Adjusted Net Income Per Share



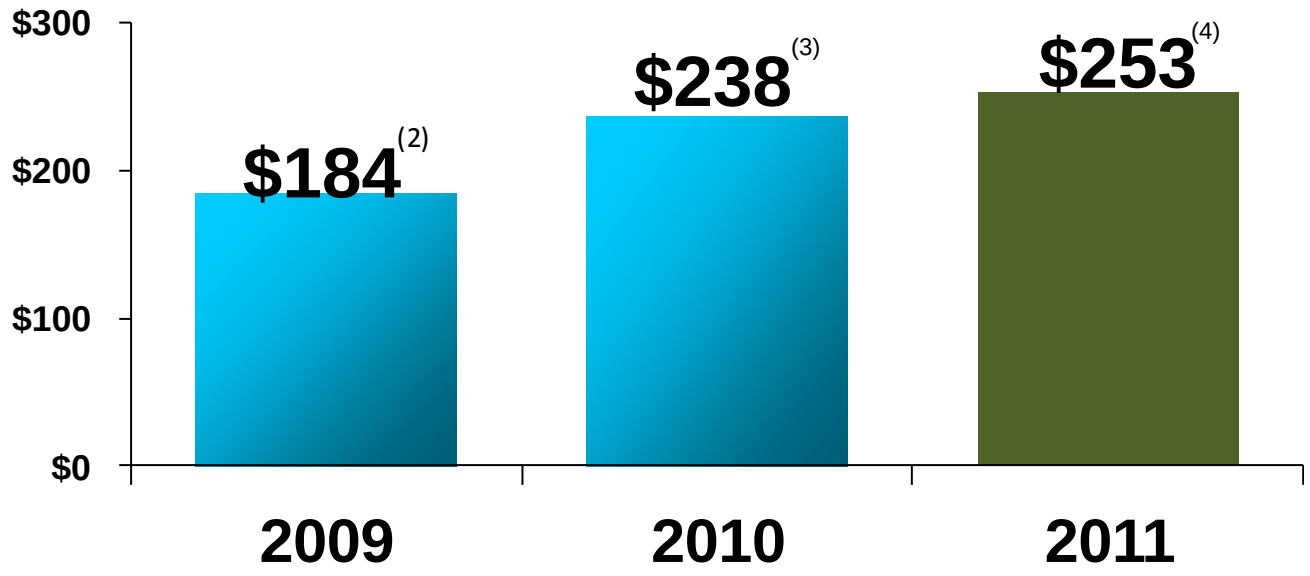
* *Excludes depreciation and amortization expense*

Attractive 2011 Adjusted EBITDA Margins
(US$ in millions)



** KAR adjusted EBITDA includes holding company*

Significant Free Cash Flow[1] Generation
(US$ in millions)



Annual Free Cash Flow as a % of revenues	**10.6 %**	**13.1%**	**13.4%**

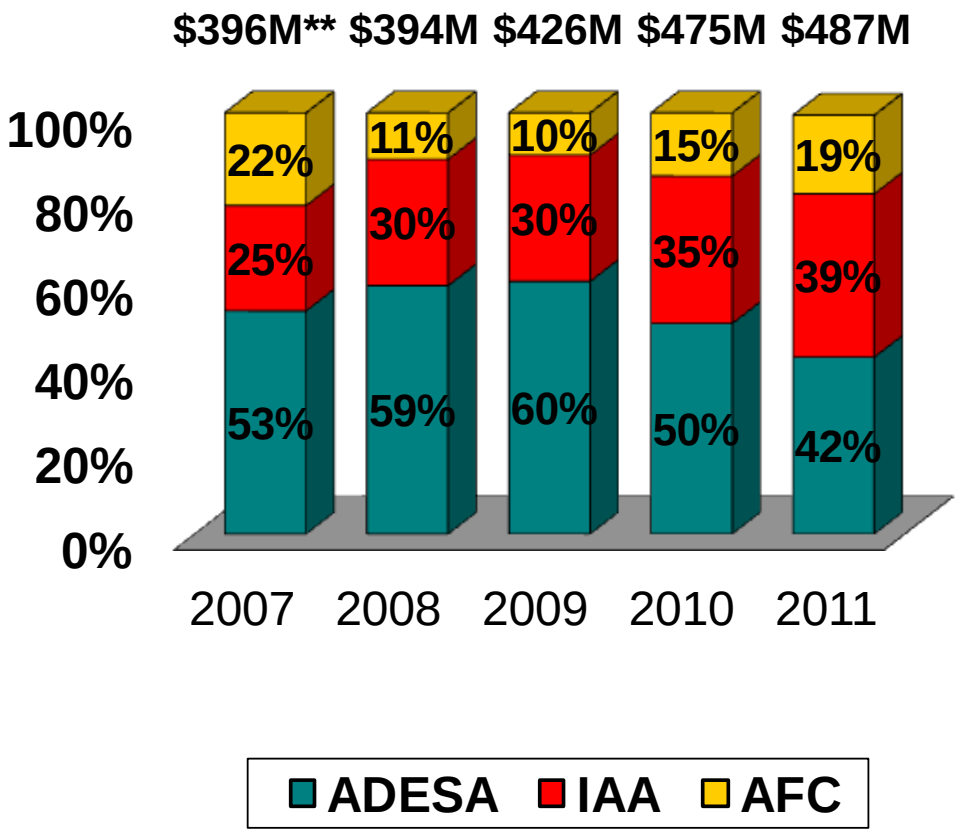
(1) Free cash flow represents Adjusted EBITDA less capital expenditures, adjusted cash interest paid and cash taxes paid.
(2) Cash paid for interest excludes interest paid for standby letters of credit of $0.6 million for the year ended December 31, 2009.
(3) Cash paid for interest excludes interest paid for standby letters of credit and securitization interest paid on obligations for securitization receivables of $0.8 million and $6.8 million, respectively, for the year ended December 31, 2010.
(4) Cash paid for interest excludes interest paid for standby letters of credit and securitization interest paid on obligations for securitization receivables of $0.6 million and $10.1 million, respectively, for the year ended December 31, 2011. Cash paid for interest in 2011 also excludes $14.5 million related to the early termination and settlement of an interest rate swap agreement.

December 31, 2011 Capital Structure (US$ in millions)

	12/31/2011	Maturity
Term Loan Facilities	$1,683.9	2017
Revolving Credit Facility	$68.9	2016
Floating Rate Notes	150.0	2014
Capital Leases	27.3	*
Total	1,930.1	
Less: Available Cash	(52.7)	
Net Debt	$1,877.4	
Net Debt /Adjusted EBITDA	**3.85X**	

* Various maturities

KAR's Diverse Business Model – Adjusted EBITDA Contribution by Segment*



*Percentage calculations exclude holding company.

** Represents pro forma results for the year ended December 31, 2007 so as to illustrate the estimated effects of the 2007 transactions as if they had occurred on January 1, 2007.

2011 Accomplishments

Growth

- Revenue
- Gross Margins
- Adjusted EBITDA

Capital Structure

- Reduced net debt prior to OPENLANE[(1)]
- Benefits from new Term Loan B
- U.S. & Canadian Securitizations

Strategic Initiatives

- Dealer consignment
- IAA non-insurance vehicles
- OPENLANE integration

(1) Following the October 3, 2011 acquisition of OPENLANE, KAR repaid approximately $41 million in revolving debt.






OPENLANE Overview

Peter Kelly
CEO and President, OPENLANE

KAR AUCTION SERVICES℠



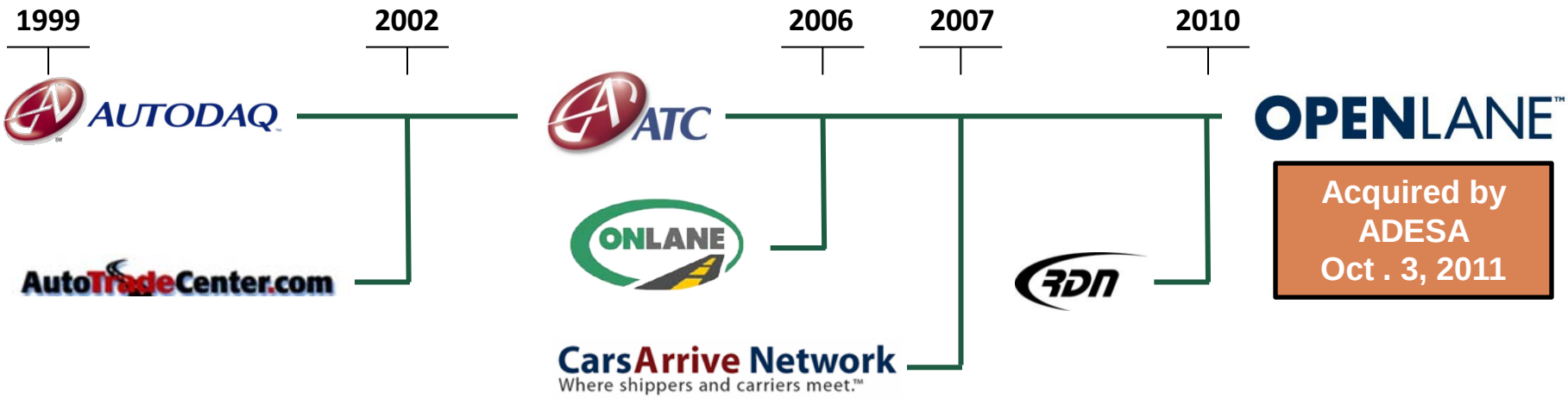




OPENLANE – A Leader in Online Remarketing

- **North America's largest independent online auto auction company**
  - Since 1999, operating in the United States and Canada
- **Technology-driven innovator, focused on automotive remarketing**
  - Pioneered the 'upstream' segment, numerous other technology innovations
- **Comprehensive set of online remarketing programs**
  - Serving many of the largest remarketing organizations in North America
- **Large and growing network of dealers**

History and Locations



Mesa, AZ

US Sales and Operations; CarsArrive Network; RDN; Finance

Redwood City, CA

Corp HQ and Technology

Toronto, ON

Technology; Canada Sales and Operations

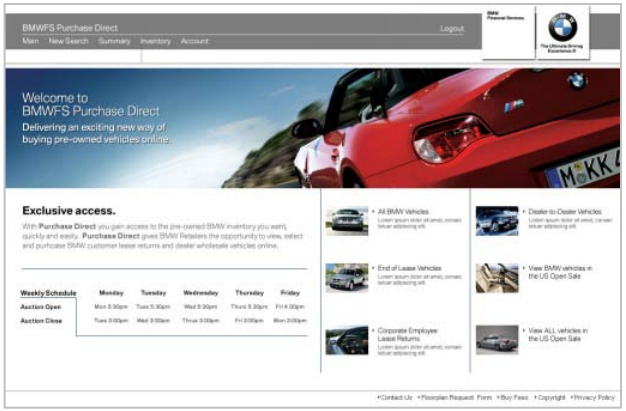
OPENLANE Business Verticals

- **Online auction business**
  - OPENLANE's "core" business and business model
- **Transport business (CarsArrive)**
  - Developed alongside OPENLANE's auction business and enhanced through acquisition of CarsArrive
- **RDN (Recovery Database Network)**
  - Strategic acquisition completed in 2010 (aimed at increasing online sales of repossessed vehicles)

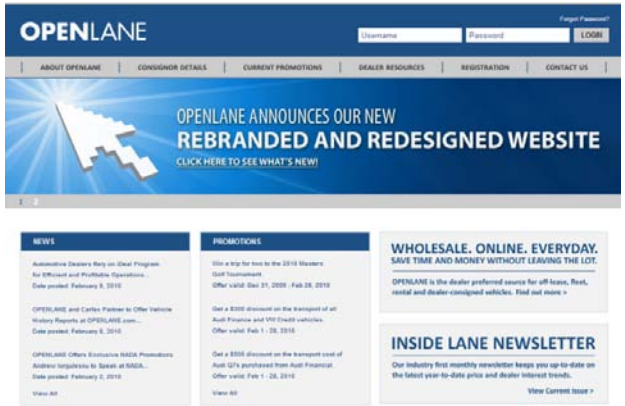
Online Auction Business – Closed Sales and Open Sales

Closed Sale (Private Label)

Private branded marketplace with seller's brand, restricted to certain dealers



Vehicles can move between Closed and Open Sales



Open Sale (OPENLANE.com and OPENLANE.ca)

OPENLANE branded marketplace, available to all licensed and registered dealers

Historically, closed sales were the "market entry" segment for OPENLANE

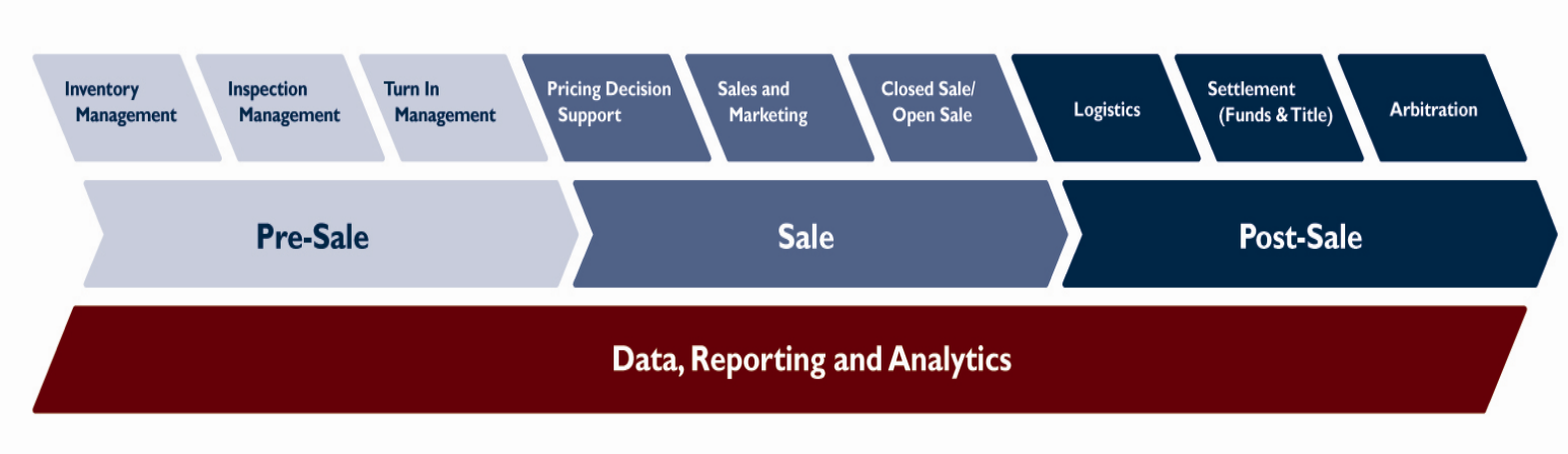
~75% of 2011 sales

Increased focus on open sales has driven much of OPENLANE's growth

~ 25% of 2011 sales

Online Auction Business – Technology a Strong Differentiator

- **Proprietary, end-to-end technology solution for online channel**



- **Flexible and customizable**
- **Fully integrated into financial reporting and CRM systems**

Together with ADESA – The Market Leader with Online Closed Sale Programs

KAR AUCTION SERVICES

OPENLANE Closed Programs



ADESA Closed Sale Programs

(being migrated to OPENLANE technology platform)



On a combined basis, ADESA / OPENLANE is the clear leader in online closed sales programs ("upstream remarketing")

CarsArrive: A Unique Vehicle Logistics Platform

- **"Asset-light" vehicle logistics platform**
  - Does not own or operate trucks; interfaces with a nationwide network of automotive carriers
- **Founded in 2000, acquired by OPENLANE in 2007**
  - Serving OPENLANE's dealer customers ("Attached Moves") and commercial customers ("Direct Moves")
- **Differentiated offering, with strong customer benefits**
  - Automated quote and order, automated dispatch, full online visibility and tracking capabilities
- **Becoming the vehicle logistics platform for ADESA auctions**
  - Pilot (7 auctions) completed in Q1; National rollout commencing in Q2

Recovery Database Network (RDN) – Serving Recovery Agents and Automotive Lenders

- **Originated as a subscription-based workflow tool for recovery service providers**
  - Proprietary, in house technology, designed to enhance customer operations
  - SAAS business model
- **Evolution of business model to provide vehicle assignment and tracking capabilities to automotive lending institutions**
  - “Global Clients”
- **Strong market position with recovery agents and lenders**
- **Acquired by OPENLANE in 2010**
  - Strategic intent to increase online sales of repossessed vehicles

ADESA and OPENLANE – Strategic Rationale for the Combination

Significantly Increased Customer Benefits

- **Commercial Accounts**
  - OPENLANE's customers get access to a more complete process (end-to-end remarketing process, not just upstream)
  - ADESA's customers get access to improved technology
- **Dealers**
  - Consolidating inventory in one location brings benefits and network effects
  - Technology and process enhancements

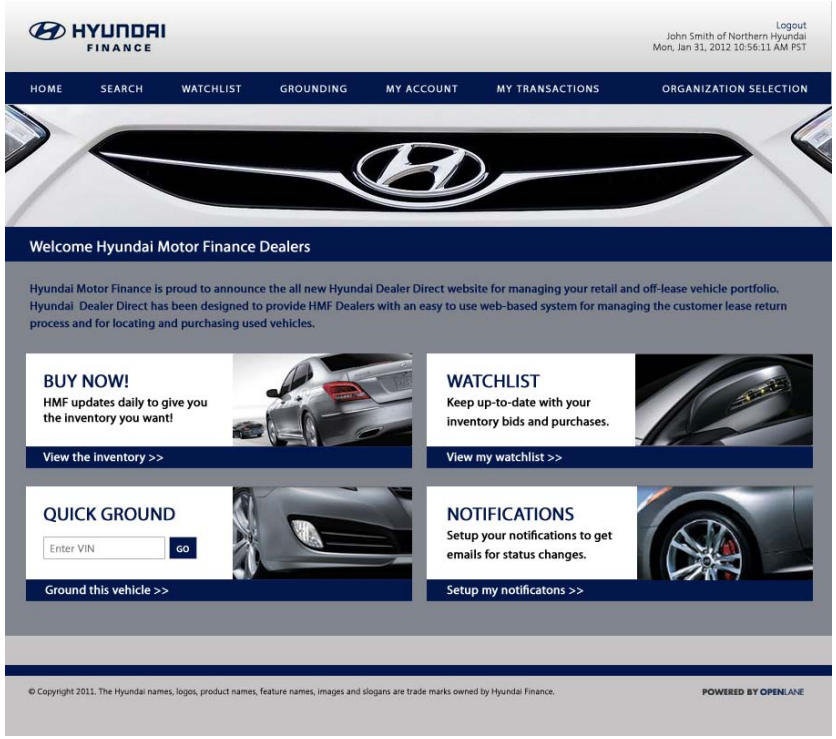
Significantly Enhanced Marketplace Capabilities

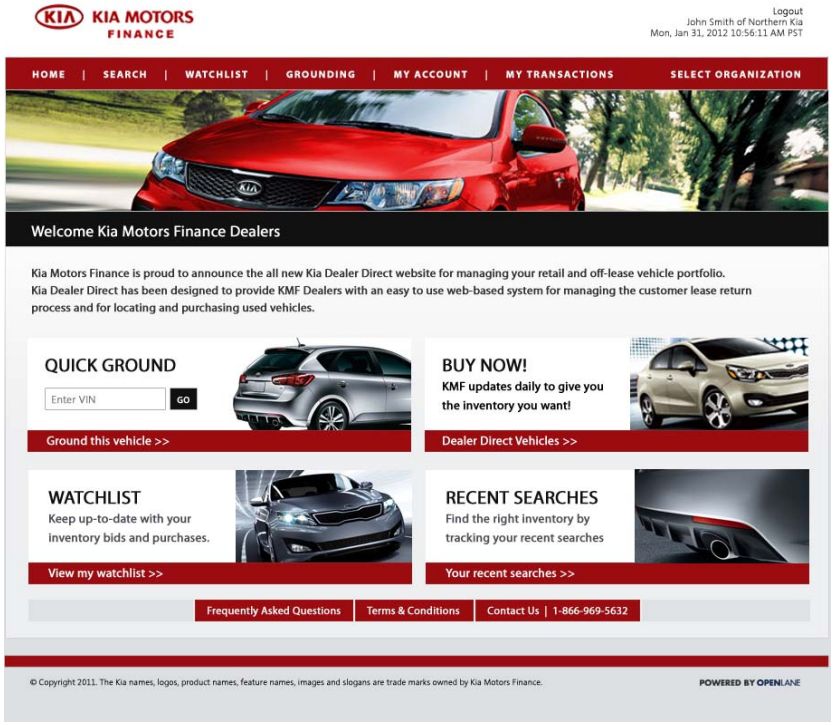
- **ADESA**
  - Closes / eliminates technology gap
  - Expands market opportunities
- **OPENLANE**
  - More complete solutions. More customers, more inventory

OPENLANE Integration Update

- **Integrated ADESA/OPENLANE sales teams**
  - One voice to the customer (commercial sellers and dealers)
- **Technology migration underway**
  - Single sign-on for ADESA DealerBlock and OPENLANE
  - DealerBlock migration to OPENLANE
  - ADESA closed sales being migrated to OPENLANE
- **CarsArrive pilot completed at 7 ADESA locations**
  - Broader rollout commencing in Q2
- **Positive feedback from customers**
- **Synergies in line with expectations**

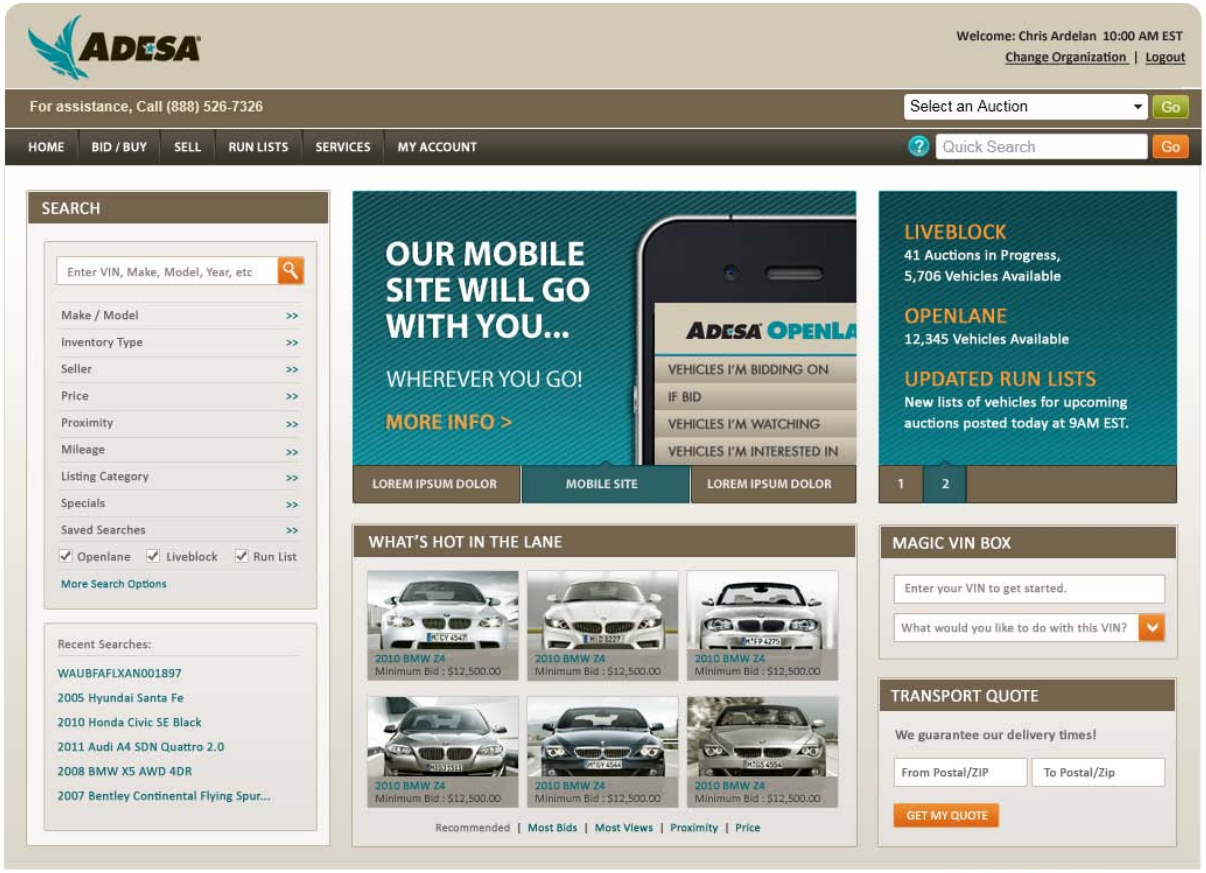
Closed Sale Migration to OPENLANE Technology





Migration of first two closed sale venues (Hyundai and Kia) from ADESA to OPENLANE technology on track for early Q2 deployment.

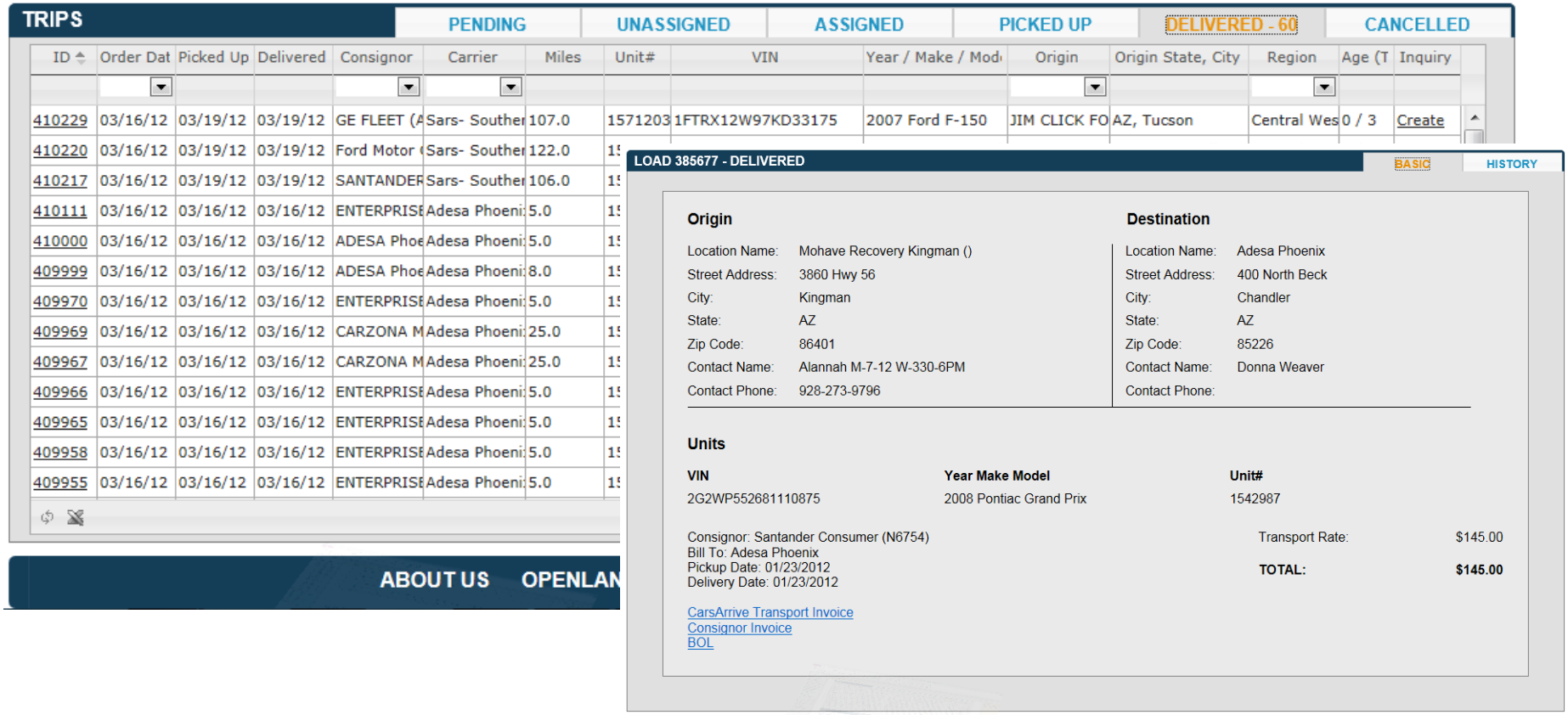
ADESA.com Migration to OPENLANE Technology



Sample screenshot (will be subject to change)

ADESA.com migrating to OPENLANE technology. Consolidating inventory on an enhanced technology platform to benefit sellers and buyers

CarsArrive Implementation



Deployment of CarsArrive across ADESA auction network will lead to increased efficiency, vehicle visibility and control

Looking Ahead

- **Unique end-to-end remarketing solution**
- **Market leader in upstream closed programs**
- **Integration will deliver a significantly enhanced open sale offering for commercial sellers and dealers**
- **Well positioned for market shifts (online or physical)**
- **Recovery in industry volumes (particularly off-lease segment) from 2013 onwards**

Successful integration will provide a platform for enhanced service offering and business growth

Appendix

Non-GAAP Financial Measures

EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for the items of income and expense and expected incremental revenue and cost savings as described in the company's senior secured credit agreement covenant calculations. 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 measures of performance used by the company's creditors. In addition, management uses Adjusted EBITDA to evaluate the company's performance and to evaluate results relative to incentive compensation targets.

Free cash flow is defined as Adjusted EBITDA minus cash paid for capital expenditures, taxes (net) and interest on corporate debt. Management believes that free cash flow is useful to investors and other users of our financial information because management regularly reviews free cash flow as an indicator of how much cash is generated by normal business operations.

The revaluation of certain assets of the company, and resultant increase in depreciation and amortization expense which resulted from the 2007 merger, as well as stock-based compensation expense incurred in connection with service and exit options tied to the 2007 merger, have had a continuing effect on the company's reported results. Non-GAAP measures of adjusted net income and adjusted net income per share, in the opinion of the company, provide comparability to other companies that may have not incurred these types of noncash expenses. In addition, net income and net income per share for 2010 and 2011 have been adjusted to exclude the loss on extinguishments of debt, as well as a charge in the second quarter of 2011 to settle and terminate the Company's swap agreement. Lastly, net income and net income per share for the year ended December 31, 2011 have been adjusted for accrued contingent consideration that was reversed related to certain prior year acquisitions.

EBITDA, Adjusted EBITDA, free cash flow, adjusted net income and adjusted net income per share 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.

2007 Adjusted EBITDA Reconciliation

(*Dollars in millions*)	Year Ended December 31, 2007				
	ADESA	**IAAI**	**AFC**	**Corporate**	**Consolidated**
Net Income (Loss)	$37.0	$2.2	$25.9	$(103.4)	$(38.3)
Add Back: ADESA 2007 Net Income	39.4	–	16.2	(28.7)	26.9
Add Back: ADESA 2007 Discontinued Ops	0.1	–	–	–	0.1
Add back: IAAI 2007 Net Loss	–	(0.4)	–	–	(0.4)
Income (Loss) from Continuing Operations	$76.5	$1.8	$42.1	$(132.1)	$(11.7)
Add Back:					
Income Taxes	$30.0	$2.4	$17.2	$(59.6)	$(10.0)
ADESA 2007 Income Taxes	22.2	–	10.5	(7.8)	24.9
IAAI 2007 Income Taxes	–	1.5	–	–	1.5
Interest Expense, Net of Interest Income	(0.4)	(0.3)	–	156.7	156.0
ADESA 2007 Interest Expense, Net of Interest Income	(0.1)	–	–	6.4	6.3
IAAI 2007 Interest Expense, Net of Interest Income	–	9.9	–	–	9.9
Depreciation and Amortization	64.6	40.0	17.8	4.2	126.6
ADESA 2007 Depreciation and Amortization	14.7	–	0.9	0.3	15.9
IAAI 2007 Depreciation and Amortization	–	7.9	–	–	7.9
Intercompany	20.2	22.2	1.1	(43.5)	–
ADESA 2007 Intercompany	(4.6)	11.1	2.2	(8.7)	–
EBITDA	$223.1	$96.5	$91.8	$(84.1)	$327.3
Adjustments	13.4	17.3	5.5	32.0	68.2
Adjusted EBITDA	$236.5	$113.8	$97.3	$(52.1)	$395.5
Revenue					
ADESA - January 1 - April 19, 2007	$287.8	$37.6	$47.3	$–	$372.7
IAAI - January 1 - April 19, 2007	–	114.8	–	–	114.8
KAR - April 20 - December 31, 2007	677.7	330.1	98.3	–	1,106.1
Total Revenue	$965.5	$482.5	$145.6	–	$1,593.6
Adjusted EBITDA Margin %	24.5%	23.6%	66.8%		24.8%

2008 Adjusted EBITDA Reconciliation

	Year Ended December 31, 2008				
(*Dollars in millions*)	ADESA	IAAI	AFC	Corporate	Consolidated
Net Income (Loss)	$52.5	$9.2	$(151.3)	$(126.6)	$(216.2)
Add back:					
Income Taxes	33.7	6.3	10.2	(81.6)	(31.4)
Interest Expense, Net of Interest Income	–	0.2	–	213.2	213.4
Depreciation and Amortization	93.2	61.6	25.3	2.7	182.8
Intercompany	44.4	38.4	(0.7)	(82.1)	–
EBITDA	$223.8	$115.7	$(116.5)	$(74.4)	$148.6
Adjustments	41.3	17.5	166.9	19.2	244.9
Adjusted EBITDA	$265.1	$133.2	$50.4	$(55.2)	$393.5
Revenue	$1,123.4	$550.3	$102.3	$–	$1,776.0
Adjusted EBITDA Margin %	23.6%	24.2%	49.3%		22.2%

2009 Adjusted EBITDA Reconciliation

	Year Ended December 31, 2009				
(*Dollars in millions*)	ADESA	IAAI	AFC	Corporate	Consolidated
Net Income (Loss)	$94.4	$25.8	$19.1	$(116.1)	$23.2
Add back:					
Income Taxes	56.0	16.2	8.4	(69.5)	11.1
Interest Expense, Net of Interest Income	0.5	1.4	–	170.3	172.2
Depreciation and Amortization	88.4	58.3	24.7	1.0	172.4
Intercompany	28.9	36.2	(6.8)	(58.3)	–
EBITDA	$268.2	$137.9	$45.4	$(72.6)	$378.9
Adjustments	18.1	8.7	3.8	16.4	47.0
Adjusted EBITDA	$286.3	$146.6	$49.2	$(56.2)	$425.9
Cash Paid for Capital Expenditures					(65.6)
Cash Paid for Taxes, Net of Refunds					(18.8)
Cash Paid for Interest, as Adjusted (1)					(157.2)
Free Cash Flow					$184.3
Revenue	$1,088.5	$553.1	$93.9	$–	$1,735.5
Adjusted EBITDA Margin %	26.3%	26.5%	52.4%		24.5%
Free Cash Flow as % of Revenue					10.6%

(1) Cash paid for interest excludes interest paid for standby letters of credit of $0.6 million for the year ended December 31, 2009.

2010 Adjusted EBITDA Reconciliation

	Year Ended December 31, 2010				
(*Dollars in millions*)	ADESA	IAAI	AFC	Corporate	Consolidated
Net Income (Loss)	$80.1	$44.7	$38.4	$(93.6)	$69.6
Add back:					
Income Taxes	43.6	26.7	21.1	(64.2)	27.2
Interest Expense, Net of Interest Income	0.9	2.3	7.2	130.9	141.3
Depreciation and Amortization	86.9	58.9	25.0	0.5	171.3
Intercompany	42.3	38.2	(11.7)	(68.8)	–
EBITDA	$253.8	$170.8	$80.0	$(95.2)	$409.4
Adjustments	16.0	15.2	(0.4)	35.0	65.8
Adjusted EBITDA	$269.8	$186.0	$79.6	$(60.2)	$475.2
Cash Paid for Capital Expenditures					(78.9)
Cash Paid for Taxes, Net of Refunds					(36.3)
Cash Paid for Interest, as Adjusted (1)					(121.8)
Free Cash Flow					$238.2
Revenue	$1,075.9	$610.4	$136.3	$–	$1,822.6
Adjusted EBITDA Margin %	25.1%	30.5%	58.4%		26.1%
Free Cash Flow as % of Revenue					13.1%

(1) Cash paid for interest excludes interest paid for standby letters of credit and securitization interest paid on obligations for securitization receivables of $0.8 million and $6.8 million, respectively, for the year ended December 31, 2010.

2011 Adjusted EBITDA Reconciliation

	Year Ended December 31, 2011				
(*Dollars in millions*)	ADESA	IAA	AFC	Corporate	Consolidated
Net Income (Loss)	$55.8	$65.5	$57.2	$(106.3)	$72.2
Add back:					
Income Taxes	17.9	36.1	29.6	(65.8)	17.8
Interest Expense, Net of Interest Income	0.7	2.1	12.0	128.0	142.8
Depreciation and Amortization	88.1	65.8	24.7	1.2	179.8
Intercompany	52.4	38.3	(14.4)	(76.3)	–
EBITDA	$214.9	$207.8	$109.1	$(119.2)	$412.6
Adjustments	17.3	3.9	(7.2)	60.6	74.6
Adjusted EBITDA	$232.2	$211.7	$101.9	$(58.6)	$487.2
Cash Paid for Capital Expenditures					(85.8)
Cash Paid for Taxes, Net of Refunds					(36.5)
Cash Paid for Interest, as Adjusted (1)					(111.6)
Free Cash Flow					$253.3
Revenue	$1,017.4	$700.1	$168.8	$–	$1,886.3
Adjusted EBITDA Margin %	22.8%	30.2%	60.4%		25.8%
Free Cash Flow as % of Revenue					13.4%

(1) Cash paid for interest excludes interest paid for standby letters of credit and securitization interest paid on obligations for securitization receivables of $0.6 million and $10.1 million, respectively, for the year ended December 31, 2011. Cash paid for interest in 2011 also excludes $14.5 million related to the early termination and settlement of an interest rate swap agreement.

LTM Adjusted EBITDA Reconciliation

(Dollars in millions) (*Unaudited*)	Three Months Ended				Twelve Months Ended
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	December 31, 2011
Net income (loss)	$39.8	($14.3)	$32.2	$14.5	$72.2
Add back:					
Income taxes	1.0	(6.9)	14.7	9.0	17.8
Interest expense, net of interest income	33.2	49.6	29.3	30.7	142.8
Depreciation and amortization	44.1	43.6	43.8	48.3	179.8
EBITDA	118.1	72.0	120.0	102.5	412.6
Nonrecurring charges	2.8	16.2	5.8	5.2	30.0
Noncash charges	8.5	46.2	(7.5)	7.1	54.3
AFC interest expense	(2.1)	(2.3)	(2.6)	(2.7)	(9.7)
Adjusted EBITDA	$127.3	$132.1	$115.7	$112.1	$487.2

Q4 2010 Adjusted EBITDA Reconciliation

	Three Months Ended December 31, 2010				
(*Dollars in millions*)	ADESA	IAA	AFC	Corporate	Consolidated
Net Income (Loss)	$8.1	$11.4	$11.2	$(23.4)	$7.3
Add back:					
Income Taxes	4.9	5.2	3.7	(16.3)	(2.5)
Interest Expense, Net of Interest Income	0.1	0.6	2.1	32.2	35.0
Depreciation and Amortization	22.3	15.2	6.4	0.1	44.0
Intercompany	11.3	9.6	(3.2)	(17.7)	–
EBITDA	$46.7	$42.0	$20.2	$(25.1)	$83.8
Adjustments	4.7	3.4	0.3	10.8	19.2
Adjusted EBITDA	$51.4	$45.4	$20.5	$(14.3)	$103.0
Revenue	$254.8	$152.0	$36.4	$–	$443.2
Adjusted EBITDA Margin %	20.2%	29.9%	56.3%		23.2%

Q4 2011 Adjusted EBITDA Reconciliation

	Three Months Ended December 31, 2011				
(*Dollars in millions*)	ADESA	IAA	AFC	Corporate	Consolidated
Net Income (Loss)	$(2.0)	$15.9	$15.0	$(14.4)	$14.5
Add back:					
Income Taxes	3.0	7.2	7.3	(8.5)	9.0
Interest Expense, Net of Interest Income	0.2	0.5	3.5	26.5	30.7
Depreciation and Amortization	24.9	16.9	6.1	0.4	48.3
Intercompany	14.9	9.5	(3.8)	(20.6)	–
EBITDA	$41.0	$50.0	$28.1	$(16.6)	$102.5
Adjustments	6.7	1.3	(2.3)	3.9	9.6
Adjusted EBITDA	$47.7	$51.3	$25.8	$(12.7)	$112.1
Revenue	$250.3	$186.3	$43.2	$–	$479.8
Adjusted EBITDA Margin %	19.1%	27.5%	59.7%		23.4%

Adjusted Net Income Per Share Reconciliation

(*In millions, except per share amounts*)	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2010
Net income	**$ 14.5**	$ 7.3	**$ 72.2**	$ 69.6
Loss on extinguishment of debt, net of tax [1]	**-**	4.6	**33.2**	20.3
Swap termination, net of tax [2]	**-**	-	**9.0**	-
Stepped up depreciation and amortization expense, net of tax [3]	**9.3**	10.0	**38.6**	40.1
Stock-based compensation, net of tax [4]	**4.7**	5.6	**10.4**	13.2
Contingent consideration adjustment, net of tax [5]	**-**	-	**(2.9)**	-
Adjusted net income	**$ 28.5**	$ 27.5	**$ 160.5**	$ 143.2
Net income per share - diluted	**$ 0.11**	$ 0.05	**$ 0.52**	$ 0.51
Loss on extinguishment of debt, net of tax	**-**	0.04	**0.24**	0.15
Swap termination, net of tax	**-**	-	**0.07**	-
Stepped up depreciation and amortization expense, net of tax	**0.07**	0.07	**0.28**	0.29
Stock-based compensation, net of tax	**0.03**	0.04	**0.07**	0.10
Contingent consideration adjustment, net of tax	**-**	-	**(0.02)**	-
Adjusted net income per share	**$ 0.21**	$ 0.20	**$ 1.16**	$ 1.05
Weighted average diluted shares	**137.9**	136.4	**137.8**	135.9

(1) In the second quarter of 2011, there were losses on extinguishments of debt totaling $53.5 million ($33.2 million net of tax). In addition, there was a loss on extinguishment of debt of $25.3 million ($15.7 million net of tax) incurred in the first quarter 2010 and another loss on extinguishment of debt of $7.4 million ($4.6 million net of tax) incurred in the fourth quarter 2010.

(2) In connection with our debt refinancing, in the second quarter of 2011 we de-designated our interest rate swap and entered into a swap termination agreement. We paid $14.5 million ($9.0 million net of tax) to settle and terminate the swap agreement.

(3) Increased depreciation and amortization expense was $15.0 million ($9.3 million net of tax) and $15.6 million ($10.0 million net of tax) for the three months ended December 31, 2011 and 2010. For the years ended December 31, 2011 and 2010, increased depreciation and amortization expense was $61.4 million ($38.6 million net of tax) and $63.6 million ($40.1 million net of tax).

(4) Stock-based compensation resulting from the 2007 merger was $5.9 million ($4.7 million net of tax) and $7.4 million ($5.6 million net of tax) for the three months ended December 31, 2011 and 2010. For the years ended December 31, 2011 and 2010, such stock-based compensation was $16.1 million ($10.4 million net of tax) and $19.8 million ($13.2 million net of tax).

(5) In 2011, we reversed accrued contingent consideration of approximately $4.6 million ($2.9 million benefit net of tax). The net adjustments to accrued contingent consideration related to certain prior year acquisitions based on revised forecasts, which indicated the unit volumes required during the measurement period in order for the contingent consideration to become payable would not be met.