John: KAR Auction Services, ticker KAR, about a $2.7 billion market cap. KAR is a leading auction services provider in North America on the whole car and on the salvage side. They also provide used vehicle financing through their AFC division. Over the years, the company has been a very solid free cash flow generator, very stable business. They've also recently initiated a common dividend, $0.19 per share on a quarterly basis, which is about a 3.8% yield.

Now with us today, we have Eric Loughmiller, who is the Executive Vice President and CFO; and we'll also have Jonathan Peisner, who is the Vice President and Treasurer. So with that, I'll turn it over to Eric.

Eric: Thanks, John, and welcome, everybody, and thanks for coming to see us today.

KAR Auction Services is a business services company that deals in cars, so that's why we're here. And we have a number of investment highlights that I'll go through as we cover the slides that follow this. But what I think I'll point out in advance is what's really attractive about our business is the free cash flow generation, and we evidence our confidence in generating free cash flow long term through a dividend of $0.19 per share paid quarterly. It has to be approved quarterly, but that's about a 3.8% yield on our current stock price. And we also have a capital structure that's very flexible and low cost. So all of that is really contributing to the ability to be, what we think, provide a nice return to the shareholder.

And how do we do it? Well, we do it by having some businesses that are related but operate in different markets. ADESA is our largest business segment. That is a used car wholesale auction business. And so we are selling used cars on behalf of commercial consignors, the OEMs. Actually, many of the people here today speaking at the Bank of America Merrill Lynch conference are customers, either on the sell side or the buy side. So you have them all operating within this marketplace.

We operate this business with just over $1 billion of revenue, and this revenue is being generated at the bottom of a cyclical decline in the market that has occurred over the last three years. And we'll look -- I'll tell you in a few slides, we're looking forward to the recovery from that bottom, which is imminent as we look at off-lease vehicles coming back beginning this year. The margins in this business, while they're about 22% on an EBITDA margin basis, if you go back to '09, the last peak period before we started the declines, we were 26.8% EBITDA margin. So as we recover, we believe this is actually a low margin driven by the cyclical point that we are in the market in the number of cars we're able to sell.

Insurance Auto Auctions is another story. This is a salvage auction business. We're selling predominantly total-loss vehicles for the insurance industry. And in

this business, we have -- while we're at 28.8% EBITDA margin in 2012, that's actually because of the Hurricane Sandy cars impacting us. This is about a 30% EBITDA margin business for the last few years and will be so if I exclude the unique nature of the Hurricane Sandy cars, which do contribute on the top line, but actually are losing money on the bottom line, and we'll get into that. So -- and again, the Hurricane Sandy cars are almost all sold, so we're very happy to hear that.

And then I have a finance business as floorplan financing provided to the buyers at all of our auctions. Again, their focus is providing floorplan financing to independent used car dealers buying cars at the ADESA auctions. But they also do floor planning for some of our IAA customers, although that's a very small component of the market, and this is a very high-margin business. They operate within the auction facilities. So they have a very low fixed cost structure, and they loan money and it's a fee-based business. They are generating two-thirds of their revenue from fees and one-third from the interest charge on the loan itself. The average loan in that business is about $8,500 right now, and there are over 11,000 customers with it. At any point in time, typically about 8,000 of them have an amount outstanding. So they'll borrow money and pay it off. So we're 8,000 to 9,000 at any point in time will have a loan outstanding at AFC.

In terms of the market we operate in, this is what I call the wheel of our business. There's 272 million vehicles on the road. And of those, you're going to have -- again, according to the BAML information this morning, we've got a SAAR(?) of 15.4 million in February, right, Jon? So that SAAR -- this says 16 million. You got those cars coming in to the market. We have about 13 million units a year that are being taken out of service and of those 13 million, 3.5 to 4 million are being sold at salvage auctions. So there's a large part of that market that's being disposed of through alternative channels, and we'll get into that a little bit about how we're going to track that and have growth in organic volumes within that salvage business.

And then down below, that's the used car marketplace. There are 43 million used cars that change hands every year, and that number dipped a little bit when we hit the bottom in '11. Actually, it's more like '10, and it's really -- but it's really been in that 40 to 45 million range for quite a few years. And of those, 12 million are changing hands consumer to consumer. My best example is we're in New York is craigslist. You list your car in craigslist and somebody contacts you and you sell your car. They're not using a dealer to transact business. Then 31 million used car transactions involve a dealer. And of those 31 million, 20 to 22 million, they're getting the inventory in a trade or they're purchasing directly from a dealer -- CarMax buying directly from a consumer. The dealer is getting the car from a source other than auction. And then currently, about 8 million in 2012, growing over the next few years to nearly 9 million are coming from the wholesale

auction, the industry in which ADESA operates. So that's how they source the vehicles.

How do we make money? Well, we make money from the buyer, we make money from the seller, we make money for everything we do. So the seller pays us a fee in order to sell the car. The buyer pays us a fee to buy the car. In advance of selling the car, many of the cars will pay us a fee for transportation, bodywork. On our ADESA facilities, we have mechanic shops, bodywork, reconditioning facilities. And no, they're not like the little detail shop in your neighborhood. These are industrial-level, taking hundreds of cars through at a time. I mean, they're lined up. It's like a factory. In many cases, they're pulling the seats out and blowing the stuff out off it. They're not vacuuming. They're blowing it up. It's very fast, cars go back together. And the idea is to get these cars in as close to new car condition as we can prior to the sale, so that we can generate the highest value for the consignor. And then in the salvage business, we're charging a fee to the seller and a fee to the buyer.

In terms of auction fees in those two businesses, we are looking at about two-thirds coming from the buyer, one-third from the seller. And you see on this chart, we average about $450 per transaction at IAA. That's all buy and sell fees. There's very little ancillary services. When you go to the revenue of $560 at ADESA, think of that as 40% coming from ancillary services, 40% coming from the buyer and 20% coming from the seller in paying the fee. And then we add AFC. We're generating $155 to $160 per transaction in revenue for loaning the money, with an average term outstanding of really about 60 days or less. So these are fast turn portfolios, and it's a very exciting business and extremely profitable.

Who do we do this for? We do this for everybody. Again, you can see the names here, and you've got the OEMs, their captive finance companies, all the financial institutions. You've got the rental car companies using them and again, you'll have -- a couple of them are here today, talk to them. We are one of the channels they use to remarket the vehicles when they take them out of their fleet. And then on the salvage side, you've got all of the insurance companies in the U.S. and Canada are going to be customers of ours. There are a couple that are not, that have been widely publicized by our competition. But generally speaking, we're serving the entire industry, and it's not an industry that typically goes with exclusives although there are a couple that heavily concentrate their business with either us or our competitors.

Now we'll talk about the cyclical recovery. What has affected ADESA, causing its performance to have a lower margin on the EBITDA basis? It's really been the decline. And here you see it at the peak of -- that was really hit. 2003 was 10 million. But we were between 9 million -- actually by about 9.2 million and 10 million units sold for over 10 years, ending with the beginning of a decline in

2009 where we dropped to 9.1 million. And all of that was a function of a steady market. We saw the SAAR during that period grow and stabilize. You see that black line on this page. As you can see, the SAAR is not an indicator of our current activity. It is actually a leading indicator. So when we saw the SAAR drop, as you see, beginning in 2008, and we all know what happened in 2008, we had a couple of years to prepare for that because the volumes we're selling at auction were pretty much determined two to three years before we are impacted. As a result, when you see the SAAR starting to increase beginning in 2010, it takes us two to three years before those cars enter the used car marketplace and become part of our market. And as you can see, that's why we are confident as we enter 2013. In our earnings call, Jim Hallett and I have talked about it. We are entering, beginning in 2013, a cyclical recovery where we will have an increased supply of vehicles from the commercial consignors. And a big driver of that will be off-lease vehicles, and you can go back and look in 2010, it predominantly began in the second quarter of 2010, a significant increase in lease penetration rates and a growing SAAR. So we compound those two factors, and that's going to lead us to confidence that we will have a market and industry that will be growing.

And our performance in that industry is the number two market share provider. We have about 25% market share. Our main competitor, Manheim, has about 45% market share. They're not public. That's an estimate. That's our estimate. So we control about 70% of this marketplace, and we have an even higher percentage of the commercial business where the cyclical recovery is coming.

And so as we look at that with great confidence, we know our industry is going to rebound off of the bottom that it hit in 2011 and 2012, and we're excited about that. We have the capacity. We have the fixed cost infrastructure. We don't need to expand it. Our SG&A is going to be able to maintain at a relatively flat level, and we're going to take this additional revenue.

Here's what's interesting. At ADESA in 2009, we sold about 2.1 million vehicles through the physical auctions with our online offering. That excludes OPENLANE, which we acquired in '11. In 2011 and in '12, ADESA sold just over 1.6 million units. We saw a decline of nearly half a million units in that business and no decline in our revenue. We were able to take pricing and offset those declines. We do not have to give that pricing back as the market recovers. So I look forward to the day where I'm merely not treading the water, but I know we'll take advantage of the revenue per unit growth that we should be able to drive through the ADESA with increased commercial volume. We've also done this as we've seen the mix of vehicles at ADESA go from 70% dealer -- I'm sorry, 70% commercial in 2009, 30% dealer consignment, down to we're at the ADESA auctions in 2012 essentially 50% commercial, 50% dealer.

Why is that relevant? The dealer consignment vehicles do not use all of our ancillary services. So I have underutilization of my capacity in ancillary services. It's a variable cost. So as the commercial cars come back, I'm going to have leverage into a higher revenue per unit through the use of ancillary services. Those are the cars we do the bodywork on, significant reconditioning, mechanic work, because a lot of them are off-lease cars or repos. And the consignor as the OEM or the captive, they want them in as close to new car condition as we can get them because it represents their brand.

And you'll hear a lot about that from Ford today, I'm sure. Their brand is very important, and they want a high-quality used car in the marketplace, especially now because used cars are on the road. The average age of a vehicle on the road today is 11 years old. There's a lot more used cars on the road than there are new cars. So the used cars are significant part of the image of each of the OEMs.

We acquired OPENLANE in 2011, and this is an online platform for selling vehicles, and this was a disruptive force in our marketplace. They were taking share, priced predominantly in the off-lease space, commercial space, and it's because they offer the chance for the captive finance company or the bank to sell off the grounding dealer's location. The car is not moved, no work is done, no fees are incurred and they try to sell it. Obviously, they try to grow our premium. Their marketplace is predominantly going to be the private-label closed sales. So if you take a name, Audi VW, that's on here in the OPENLANE platform, where a car comes back off-lease from Volkswagen or Audi, they -- and the grounding dealer does not buy at residual value, which they were in '11 but they're doing less of that now, the car is offered to only Volkswagen Audi dealers for a period of two to three days. And they can buy that car in an auction without competing against the 38,000 independent used car dealers, the other 16,000 or 17,000 franchise dealers that might be interested in a used Audi or Volkswagen. After two to three days, it is then offered by OPENLANE in an open environment where any dealer from any franchise dealer or any independent dealer who's registered on their site can buy that. After two to three days of that, five to six days in total, the car is no longer offered on the online platform because by then the car needs to be picked up from the grounding dealer and moved to an auction location, either ours or our competitors.

So this is -- we call it the top of the funnel, all the cars, and if you look at this, there's no nameplate missing. We have all of the customers in Canada. And in the United States, we have all except Nissan Infiniti, which is served by our largest competitor; and BMW and Mercedes, which have their own private-label site that they run themselves. They don't use a third-party provider for that. And so we have over 90% market share of the cars predominantly off-leased that are sold in the private-label online platform.

The reason this is important is they were a disruptive force. They develop the best technology in the industry, and they were providing it at the lowest price. They were discounting the value. We now integrated this business in the U.S. with our ADESA operations. We've expanded the value proposition. We can now actually sell the car in their platform through adesa.com while it's in transit to our auctions. So now they have more opportunity. And the reason is if you go into a car dealer this week and looking for a low mileage, late-model used car, off-lease, he's going to tell you, "Well, I could get you this car. We can have it here by next weekend." He's looking at a site like this. He is using virtual inventory, which you can do with this platform.

So it's an exciting piece of our business. There's been one opportunity to pick up new business in this space, it was GM Financial, as they terminated their exclusive arrangement with Allied Bank to use SmartAuction. And we're pleased to report that ADESA, through OPENLANE, was successful in winning this business, and GM Financial has begun using our platform as its sole provider of, again, the private-label closed sales to their franchised dealer, and that's a major move.

Now let me turn to salvage and what are the dynamics in salvage. We're very excited about the salvage industry and because we've seen it benefit from the lack of supply and growing used car prices experienced through the ADESA industry, right? And we've been worried, okay, when the supply returns, what are we going to see? Well, there's been an element here. The North American car parc has been aging. More importantly, we have a high utilization of aftermarket recycled parts, and that's been adopted, really growing significantly since '07. So we are finding now that supply is starting to return. We're seeing stabilization in the proceeds or the amount paid at auction for salvage vehicles. That will be very important to us because again, in '09, our thesis was IAA is offsetting some of the pressure on the ADESA business. Now as ADESA starts to perform, we believe there has been a secular trend in the collision repair industry to use more aftermarket recycled parts, keeping the demand high and the values high not tied directly to used car values, which might moderate as supply returns into the marketplace in the used car sector. So we're seeing actually very strong support on the value side for the salvage auction business. We're also seeing increased competition, which I'm sure our friends at LKQ(?) aren't happy about because there's more people seeing that taking the pits and pulls(?), the Schindler's(?) all of them are looking at opportunities to take parts and sell in the aftermarket because there's such high demand. It's the only way the insurance company can keep claims cost lower as they repair more vehicles, and there are a lot of vehicles. 2012 was a very mild winter. 2013 winter has been very exciting for us. There's been a lot of snow. There's been hurricanes, different issue. But since then, there's been a lot of snow, particularly through the Midwest, the lower Midwest, the Plain states. Even Texas had a lot of winter weather. So we are back to a more normal collision repair

environment, which means more total-loss vehicles which has been very good for our business, without putting too much pressure on the pricing which also supports our revenue per vehicle.

Again, the platform at IAA, we use a hybrid auction methodology. We offer every car live in the lanes and online simultaneously. Now what we are doing there is we believe that puts more eyeballs on the car and generates higher returns. There have been two proposals that were very significant in our industry in 2012. And in our third quarter earnings call, we announced one success; in our fourth quarter, another. In both cases, they are top 10 insurers. We have the largest share of their business, not necessarily over 50%. And in each case, they increased our share of their business. And the reason that's important is our competitor has made a little bit of noise about national exclusives, and we've been telling our investors, no, we talk, that is not the trend. Well, the first one was not a trend. The second one started to look like a trend when Allstate went to Copart and then nationwide. We choose not to talk by name about them, but we have now had confirmation, it is not the trend. And there is, the reason is there isn't a significant value to having one supplier because the market is so dispersed throughout the U.S. And the key is our hybrid auction methodology, in many locations, provides a higher return to the insurance company because we bring buyers -- we offer every car online and yet just under 80% of our vehicles receive even one online bid. And only 50% of the salvage cars are sold to an online buyer. What that tells us is there's money left on the table when you don't have the buyer in the lane, and the reason is when the prices get high, he's crawling under the car during the auction and then saying, "Is the catalytic converter there? It has platinum in it. That's worth about $175 alone. If I'm going to pay that extra $100, I'd better make sure there's a catalytic converter." And online, you cannot look under the car. It does not tell you -- and by the way, one of the common things that happens when you wreck a car is it cuts the catalytic -- because that one component has $175 of precious metal in it, and nobody thinks about it, but that's the value of the live auction in seeing the car. We're not saying that we're a very well-run company. We just think in certain markets we get a higher return because they're paying more for the car. And if they're paying more for the car in a highly competitive environment, it provides a higher return or high recovery of claims cost to the insurer.

Superstorm Sandy. This would probably be the last presentation I have to talk about this. Through the first quarter though, it has an impact, and we have announced that we lost $9.1 million in Q4 and we'll lose about another $10 million this year on the sale of those vehicles, and it's because of the infrastructure and geography that was hit by Hurricane Sandy, the New York area in particular. New Jersey was not that bad. It was part of the hurricane. But when you got to the boroughs of New York and Long Island, it has very significant costs. The tow cost and occupancy cost were the primary drivers. In our contracts, while we get a

little bit higher fee on these cars, it's not sufficient to offset the total incremental costs of us having to react to this event quickly and move those cars.

The good news is by the end of the first quarter, almost all of these cars will be sold and it will be behind us. The cars that aren't sold are because of disputes probably between the insurer and the insured, and they're being held, meaning we're not allowed to sell them, but we've moved these cars quickly.

The picture here is in Calverton, New York, right on Long Island, and this is the infamous runways at the little airport that does -- you can parachute off of it in the summer right I hear, but this is where we park about 20,000 vehicles, staging them for sale because these cars came all at once and we have a -- we have two Long Island locations. We're in New Jersey in six locations. We're in Connecticut. We're all around you. But you had to stage these cars, and it was very expensive to move them as it was and this was an outstanding play by us and this picture's been in the New York Times, Good Morning America, The Today... It's been all over the place. They like this picture not only for the positive story behind it because they think these cars are being sold to you. But listen, let me tell you, there are 250,000 and more cars damaged. About 100,000 or maybe slightly fewer are going to be processed through the salvage providers. Those cars are marked on the title. Those cars are the cars you will know they were damaged by Hurricane Sandy. Let me ask you this, as New York residents, where's the other 150,000 cars and what happened -- and do you know what happened to them? We know they were part of the damage, we don't know where they are in the marketplace.

The safest way to dispose of cars that have been damaged even by saltwater flooding is through the salvage industry, because we take great pride. We mark the titles appropriately, we process them, we do condition reporting and we report to a federal agency as well as CarFax, that the car has been damaged in Hurricane Sandy. That's the type of protection we -- this is the safest way to dispose of these cars. So that's my advertisement for today.

Our floorplan business, I don't want to spend much time. It's very attractive, high profit. We have 11,000 customers and the ability to continue growing, and it will benefit from the rising tide of the cyclical recovery because over 80% of their business is cars bought at auction, not just ADESA, at all of the auctions, including our primary competitor. So they have 11,000 customers. There's 38,000 independent used car dealers. We believe about half of them meet our criteria for lending them money, so the addressable market is 19,000 to 20,000 of them. So we still have room to grow this just by getting more customers who could utilize this service. So we don't see this as a business that's been growing, that will not continue to grow. I will not commit to you the 20 -- the high teens growth we've had the last few years because we had driven the business down in '08 and '09 as

we saw the risk in the marketplace too great to loan too much money, and we've been growing that business as the market has rebounded and gotten healthy again. So that growth rate was, again, off of a bottom that was hit in March of 2009. So that growth, it will still be strong growth, I would expect double-digit growth in that business for the near term, but not at the levels that you saw the last two and three years.

We have a significant competitive advantage. Again, they like to talk about it like they have a hybrid auction methodology. Our competition has gone to centralized processing, eliminated loan origination offices. We think one of our differentiators, we have 104 loan origination offices. We've got people close to the dealers. So when they start behaving differently, this is a loss mitigation action. We need to be near them. We need to find out -- our CEO of that business says, "When they quit cutting the grass, it's time to start visiting them because they're cutting cost." And you got to watch all that stuff because if this collateral rolls away from you, that's when you have the loss. I'm getting $160 per revenue per loan. That's per car. The cars are worth $8,500. It takes me a lot of loan transactions to offset when they steal a car, when they sell it out of trust, don't pay us back. So that key is collateral protection there, and we are set up -- we have an AutoVIN subsidiary of ADESA that does 65,000 to 75,000 lot checks a year for this business. They are touching the cars at every dealer every four to eight weeks and protect the collateral, and that's why we do so well at this because of very low loan losses.

It really takes _____. You have to sell the car and not pay us; otherwise, we're really well protected on this because we do floorplan 100% of the wholesale value plus fees, and the retail spread is the over-collateralization. They're selling the car for more than that.

Growth. We're not done growing. We have at -- we're going to continue doing what we've been doing, and I want Jon to cover some financials. So I'll give him three to four minutes as usual, but let me summarize in the medium and long term how we're going to grow the business. We'll keep doing what we've been doing in the short term, and then we have the ability -- I described our value proposition: we guarantee check, we guarantee title. And when we guarantee check, guarantee title, that means when you buy the car, you know you have a title that can be used, the consumer can finance it, and that value is beneficial in many other areas. And we guarantee check. When you sell the car, you do not have to ask who you sold it to. You get your money from ADESA in 48 hours. And that is really important because you can imagine all of these commercial consignors don't need to be worrying about the credit of each individual dealer that's buying the car. Well, we have the opportunity to do that in that C2C space. We're not going to compete with the dealers. But when a consumer and a consumer are getting better, what's their biggest concern? Is it, "Well, how am I going to get the money?" And, "Does

this car have a valid title?" or "Was it in Hurricane Sandy?" We have the process to do that, and we're beginning a pilot in 2013 in Canada where we're going to see if there's an interest in attach rate where some of that 12 million C2C transactions in North America, they will pay a fee to us to do the same thing we're doing on the B2B business. So we're looking at that as a pilot and if it is, that 12 million transactions, that are a new playground for us.

We also have the ability to do the auctions in heavy equipment, RVs, motorcycles. We're trying to grow in that space. We bought a small heavy-duty equipment auction business in Canada as again, a pilot, and we're having success. It uses -- it can utilize our land, and it can utilize our services. It uses the same auction process.

And then lastly, international. With the purchase of OPENLANE, we have the ability to enter the international markets in an asset-light(?) fashion, especially in markets with mature automobile transaction and especially markets with high lease penetration rates because the off-lease car is the perfect car. So we're actually beginning that process. We've told them in roadshows. We've told investors that we're working with a customer who came to us and has asked us. This customer happens to be, believe me, a marketing person for a global captive finance company that was in the U.S. and Canada. He has been moved to a European location, and he would like to replicate what he did here because that had great success over there. So that's more than pie in the sky. It's something we're working on. And we know once we're in that market, we can replicate that chart that you saw from OPENLANE, we think, very quickly because nobody's doing that in these other markets.

So with that, I'm going to turn it over to Jon so I can have a drink of water, and he'll spend two minutes of the remaining four and we'll do Q&A.

Jon: Thank you, Eric. Let me go through the financials very quickly so we do have time for Q&A. Is there five minutes after this? Or once that buzzer hits, it's done? Okay.

So Eric took you through our accomplishments by business unit and explained why we feel so confident about the future, and this slide really pictorially shows that. And the long story short is we grew our revenues by over 10% despite the fact that industry volumes declined by over 1 million units. We achieved a 400 basis point expansion on our gross profit margin. And most importantly of all, we significantly grew both adjusted EBITDA and our adjusted EBITDA margins.

For 2012, again, continued softness in the whole car industry volumes. But despite this, due to our complementary business model, KAR posted modest increases in revenue, adjusted EBITDA, and gross profit. Though net income in

2012 grew to $92 million, adjusted EPS was down modestly. As in 2011, we benefited from an abnormally low tax rate.

So this slide shows you our capital structure as of yearend. Let me give you a couple updates I think is important. Since the LBO, we've continued to delever. We were 6.7x adjusted EBITDA to net debt at the time of the LBO, 4.6x at the time of the '09 IPO and just under 3.6x as of yearend. Our goal of achieving 3x debt to EBITDA(?) remains unchanged, and we announced on March 13 that we completed an amendment to our Term B credit facility. The long story short is the facility was upsized by $150 million so we can take out the floating(?) rate notes, which are L plus 400 bps(?), and we achieved a 125 bps reduction in the overall cost of the Term B. We lowered the floor by 25 bps, and we lowered the spread over LIBOR by 100 bps.

And so then lastly, before I turn it over for 30 seconds of Q&A, what do we have to offer as an investment. KAR is a business that has three distinct yet interrelated business segments that complement each other and in tandem generate very strong free cash flow. I think on a yield basis, if you look at it compared to other folks in the auto sector, I think you would see that we perform very, very well.

And with that, Eric and I would be very happy to answer any questions you may have.

Q: Thank you. My question's related to kind of the fee structure in the car auction business. Is it a fix rate fee that the buyer or seller pay? Or does it -- is this fix rate is not dependent on the pricing of the used car?

Jon: The sell fee for commercial consignor will be fixed. The sell fee for a dealer consignment customer is generally a fixed tiered structure based on the value of the car. So the more you pay for the car, the lower the percentage is. But the fee goes up in absolute dollars, and the buy fee is just like the dealer consignment sell fee. It's a fix tiered structure. So the more you pay for the car, the more dollars you pay. But as it gets into higher values, it's the lower percentage of the transaction cost. So we call it the fixed tiered structure.

Q: Got you. And then with the general theme that the used car pricing conventional pressure going forward, I mean, what's your expectation of that, that effect on your margin?

Jon: To raise prices, and we have been doing that. We had -- again, in the ADESA market in particular, it's local pricing. So we take advantage if we have a strong sale. We've been raising prices actually through this whole process. As values went up, we've raised prices, and we raise prices as values go down. The interesting part is that ADESA, less than 4% of the transaction value is auction

fees, including sell and buy. As compared to salvage, you're in the 18% to 20% range; Ritchie Bros. and heavy equipment, you're looking at 12% to 15%; livestock, you're looking 15% to 20%. All the other businesses that are auctions has much higher. So we feel there's more pricing power, and we have a very responsible duopoly and we have resorted to competing on price. So typically, if we raise prices, it's good for our competition. In some markets, they raise prices that's good for us, and there isn't really a price war going on and that's been the case even in tough times.

Q: Thank you. And then a follow-up question, I hear a lot of optimism in your presentation. Can you just outline key challenge or potential risk that you're concerned about going forward?

Jon: Well, again, you listen to a presentation, you go to the rental car companies where they're trying to say they're looking for alternatives. So my issue is, is there disintermediation of a mature auction market? We don't believe so, and the reason is they're -- listen, Hertz has to do credit checks on everybody that buys those car. I mean, maybe they have their systems. We are set up to do this in high quantity, provide liquidity in 48 hours. I don't think there's disruption, but that's the challenge is we have to continue to have a high value proposition and efficiency in our marketplace, and we will. The purchase of OPENLANE gives us the chance to compete at the top end of that. Ironically, the rental car companies are beginning to use that platform because it is -- they view that as an alternative to the physical auctions. So when they say an alternative to the auction channel, that is one of their options and we're seeing some success. So I think we're being responsive to the market conditions to get our share of wallet out of it.

Q: Thank you.

John: I don't know if we have time for any more or if our time is up...

Eric: It's 45 minutes now.

Q: So no, we have another one on one. Thank you, Jon. Thank you, Elizabeth, for stopping in and hosting us.

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