




INVESTIndiana Equity Conference
September 13, 2012

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

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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)
- 68 ADESA locations
- 104 AFC locations
- OPENLANE online auctions

IAA INSURANCE AUTO AUCTIONS

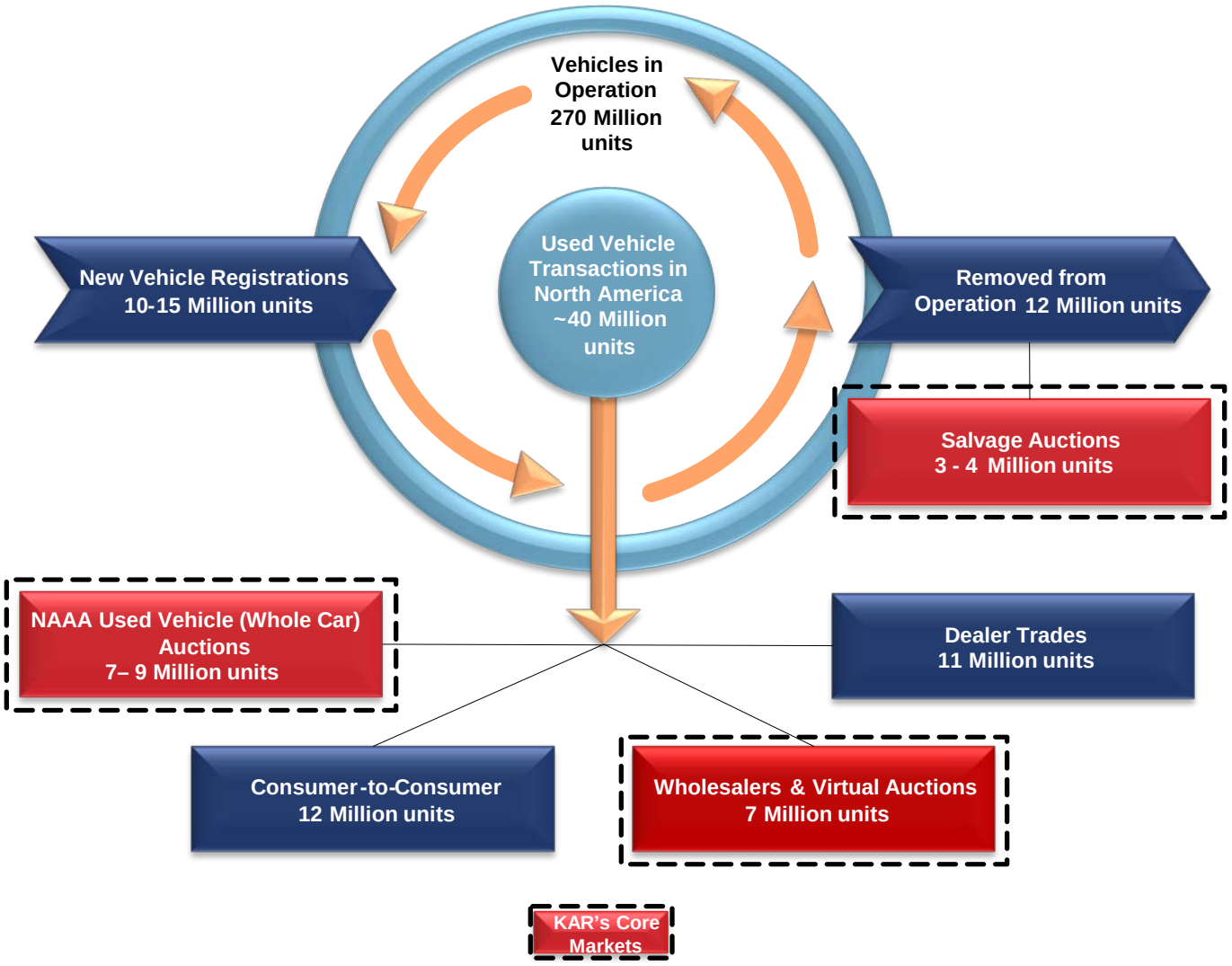
2011 Revenue: $700mm
2011 Adj. EBITDA: $212mm

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

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

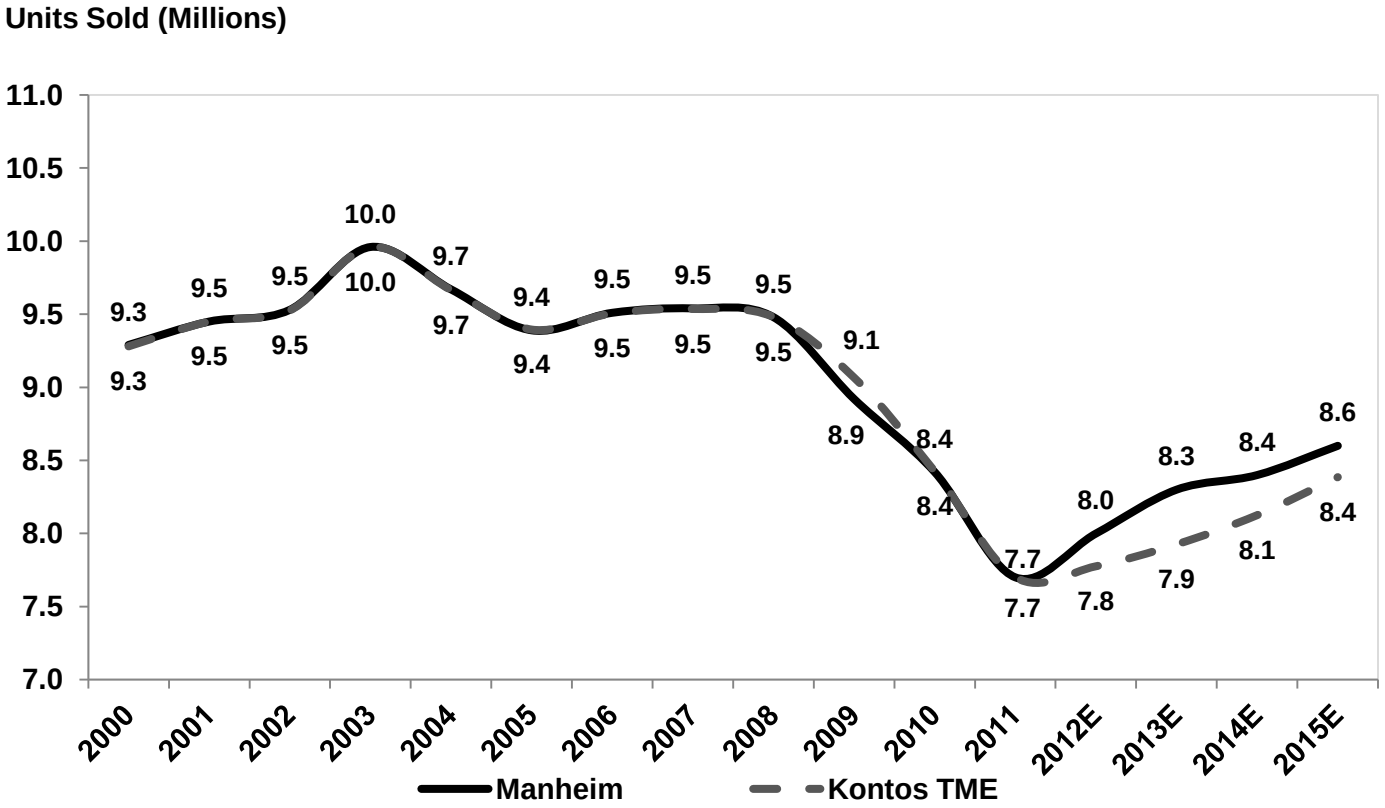
[2] *Includes AFC revenue of $169mm and adjusted EBITDA of $102mm*

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.

North American Wholesale Volume Forecasts (1)



Peak to trough -23%

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

(1) Excludes OPENLANE units sold.

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

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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")

ADESA and OPENLANE – Strategic Rationale for the Combination

Significantly Increased Customer Benefits

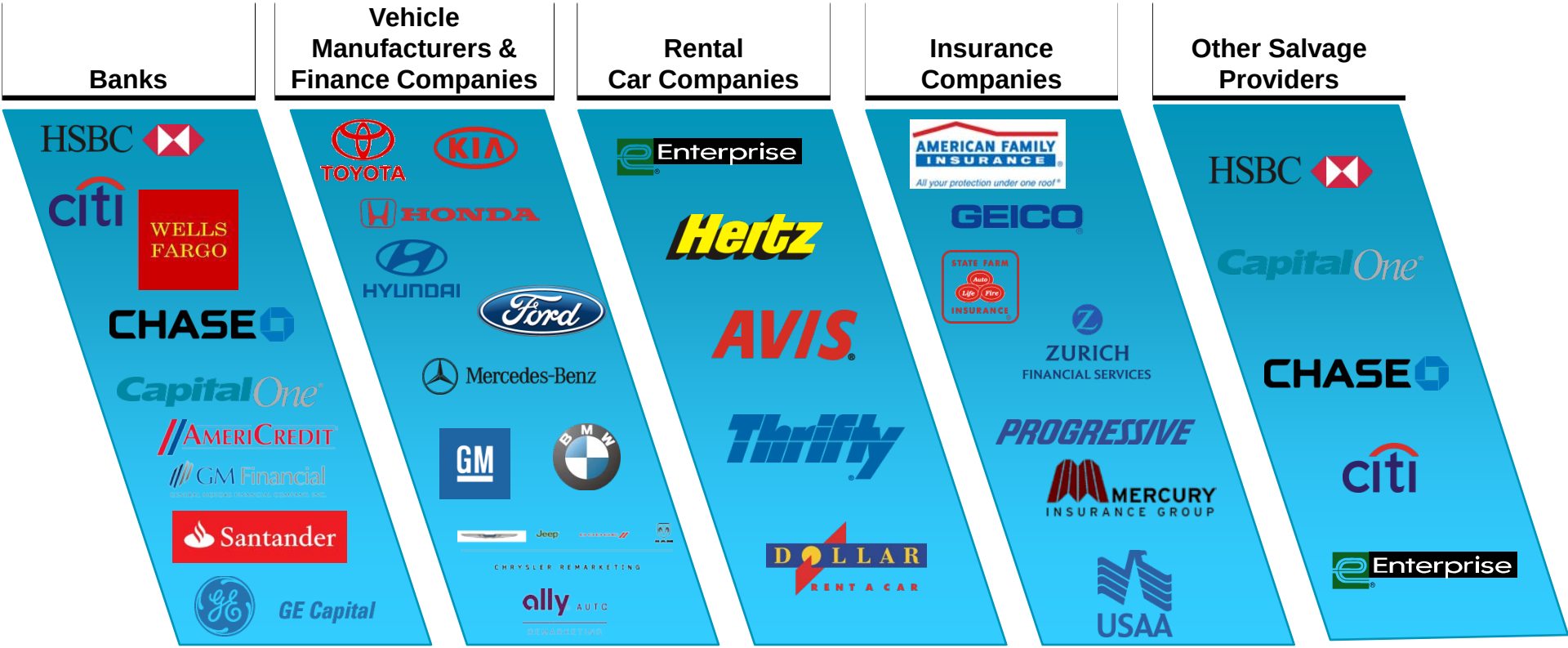
- **Commercial Accounts**
  - OPENLANE's customers get access to a more complete process (end-to-end remarketing process, not just upstream)
  - ADESA's customers get access to improved technology
- **Dealers**
  - Consolidating inventory in one location brings benefits and network effects
  - Technology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

Significantly Enhanced Marketplace Capabilities

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

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

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Overview

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

2012 Q2 Growth

- Revenue + 2%
- Volume +3%

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

2012 Q2 Growth

- Revenue +11%
- Adjusted EBITDA +12%
- Loan Transactions +16%

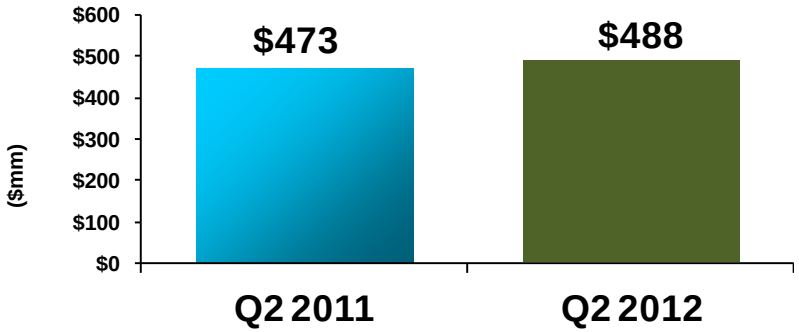
Portfolio

- $935M at 6/30/12
- 99% current
- $750M committed liquidity*
  - $634M drawn

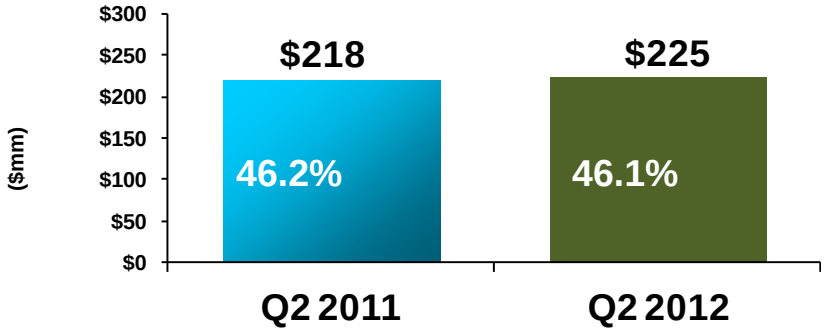
* U.S. & Cdn facility commitments through June 2014.

Second Quarter 2012 Performance

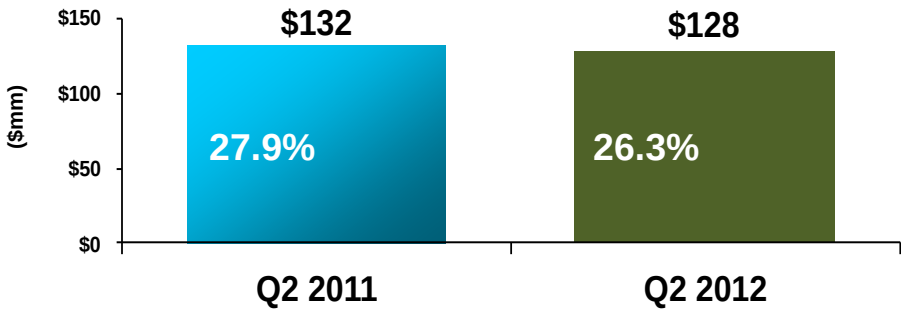
Revenue



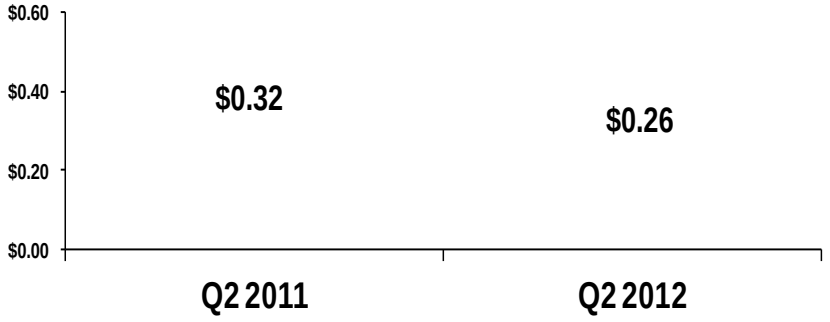
Gross Profit*



Adjusted EBITDA



Adjusted Net Income Per Share



* *Excludes depreciation and amortization expense*

June 30, 2012 Capital Structure (US$ in millions)

	6/30/2012	Maturity
Term Loan Facilities	$1,676.1	2017
Revolving Credit Facility	$0.0	2016
Floating Rate Notes	150.0	2014
Capital Leases	30.5	*
Total	1,856.6	
Less: Available Cash	(83.9)	
Net Debt	$1,772.7	
Net Debt /Adjusted EBITDA	**3.61X**	

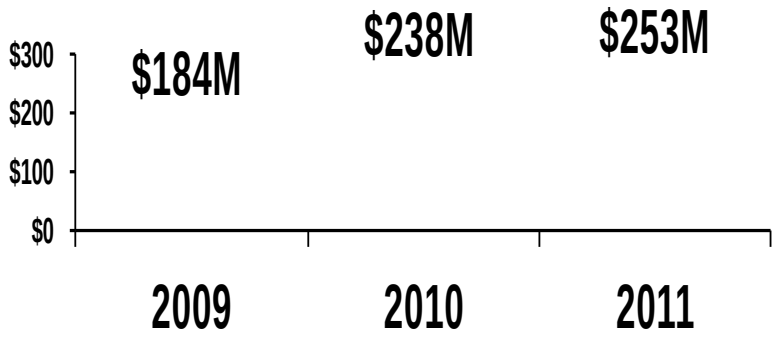
* Various maturities

Investment Summary:
Diverse Business Model / Strong Free Cash Flow

Adjusted EBITDA Contribution By Segment*



Free Cash Flow**



10.6%	13.1%	13.4%

Annual Free Cash Flow as a % of revenues

**Percentage calculations exclude holding company.*

** *Free cash flow represents Adjusted EBITDA less capital expenditures, adjusted cash interest paid and cash taxes paid. See appendix slide # 24 for explanatory footnotes.*

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 the three and six months ended June 30, 2011 have been adjusted to exclude a 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 three and six months ended June 30, 2012, and for the quarter ended June 30, 2011, have been adjusted for accrued contingent consideration 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.

2009 Adjusted EBITDA Reconciliation

	Year Ended December 31, 2009				
(*Dollars in millions*)	ADESA	IAA	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	IAA	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

(*Dollars in millions*)	Year Ended December 31, 2011				
	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.

Q2 2011 Adjusted EBITDA Reconciliation

(*Dollars in millions*)	Three Months Ended June 30, 2011				
	ADESA	**IAA**	**AFC**	**Corporate**	**Consolidated**
Net Income (Loss)	$17.9	$20.7	$13.1	$(66.0)	$(14.3)
Add back:					
Income Taxes	13.1	12.6	8.1	(40.7)	(6.9)
Interest Expense, Net of Interest Income	0.2	0.5	3.0	45.9	49.6
Depreciation and Amortization	21.0	16.1	6.2	0.3	43.6
Intercompany	9.5	9.6	(3.6)	(15.5)	–
EBITDA	$61.7	$59.5	$26.8	$(76.0)	$72.0
Adjustments	3.7	(3.6)	(1.6)	61.6	60.1
Adjusted EBITDA	$65.4	$55.9	$25.2	$(14.4)	$132.1
Revenue	$257.5	$173.2	$42.0	$–	$472.7
Adjusted EBITDA Margin %	25.4%	32.3%	60.0%		27.9%

Q2 2012 Adjusted EBITDA Reconciliation

	Three Months Ended June 30, 2012				
(*Dollars in millions*)	ADESA	IAA	AFC	Corporate	Consolidated
Net Income (Loss)	$7.3	$16.2	$16.2	$(15.8)	$23.9
Add back:					
Income Taxes	7.7	11.0	9.3	(7.8)	20.2
Interest Expense, Net of Interest Income	0.3	0.4	3.7	25.2	29.6
Depreciation and Amortization	25.1	16.6	5.8	0.5	48.0
Intercompany	15.3	9.5	(4.4)	(20.4)	–
EBITDA	$55.7	$53.7	$30.6	$(18.3)	$121.7
Adjustments	5.0	0.5	(2.3)	3.2	6.4
Adjusted EBITDA	$60.7	$54.2	$28.3	$(15.1)	$128.1
Revenue	$263.8	$177.3	$46.8	$–	$487.9
Adjusted EBITDA Margin %	23.0%	30.6%	60.5%		26.3%

LTM Adjusted EBITDA Reconciliation

(Dollars in millions) (*Unaudited*)	Three Months Ended				Twelve Months Ended
	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	June 30, 2012
Net income (loss)	$32.2	$14.5	$26.0	$23.9	$96.6
Add back:					
Income taxes	14.7	9.0	18.4	20.2	62.3
Interest expense, net of interest income	29.3	30.7	30.3	29.6	119.9
Depreciation and amortization	43.8	48.3	48.6	48.0	188.7
EBITDA	120.0	102.5	123.3	121.7	467.5
Nonrecurring charges	5.8	5.2	5.4	3.2	19.6
Noncash charges	(7.5)	7.1	9.1	6.1	14.8
AFC interest expense	(2.6)	(2.7)	(2.9)	(2.9)	(11.1)
Adjusted EBITDA	$115.7	$112.1	$134.9	$128.1	$490.8

Adjusted Net Income Per Share Reconciliation (Q2 2012 & Q2 2011)

(*In millions, except per share amounts*)	Three Months Ended June 30, 2012	2011
Net income (loss)	**$ 23.9**	$ (14.3)
Loss on extinguishment of debt, net of tax [(1)]	**-**	33.2
Swap termination, net of tax [(2)]	**-**	9.0
Stepped up depreciation and amortization expense, net of tax [(3)]	**8.1**	9.5
Stock-based compensation, net of tax [(4)]	**3.5**	9.7
Contingent consideration adjustment, net of tax [(5)]	**0.1**	(3.7)
Adjusted net income	**$ 35.6**	$ 43.4
Net income (loss) per share - diluted	**$ 0.17**	$ (0.11)
Loss on extinguishment of debt, net of tax	**-**	0.24
Swap termination, net of tax	**-**	0.07
Stepped up depreciation and amortization expense, net of tax	**0.06**	0.08
Stock-based compensation, net of tax	**0.03**	0.07
Contingent consideration adjustment, net of tax	**0.00**	(0.03)
Adjusted net income per share	**$ 0.26**	$ 0.32
Weighted average diluted shares	**138.9**	136.0

(1) In the second quarter of 2011, there were losses on extinguishments of debt totaling $53.5 million ($33.2 million net of tax).

(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 $12.9 million ($8.1 million net of tax) and $15.0 million ($9.5 million net of tax) for the three months ended June 30, 2012 and 2011, respectively.

(4) Stock-based compensation resulting from the 2007 merger was $4.4 million ($3.5 million net of tax) and $11.3 million ($9.7 million net of tax) for the three months ended June 30, 2012 and 2011, respectively.

(5) We recorded and reversed accrued contingent consideration of approximately $0.1 million ($0.1 million net of tax) and $5.9 million ($3.7 million benefit net of tax) for the three months ended June 30, 2012 and 2011, respectively.

Free Cash Flow Calculation – Explanatory Footnotes

(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.