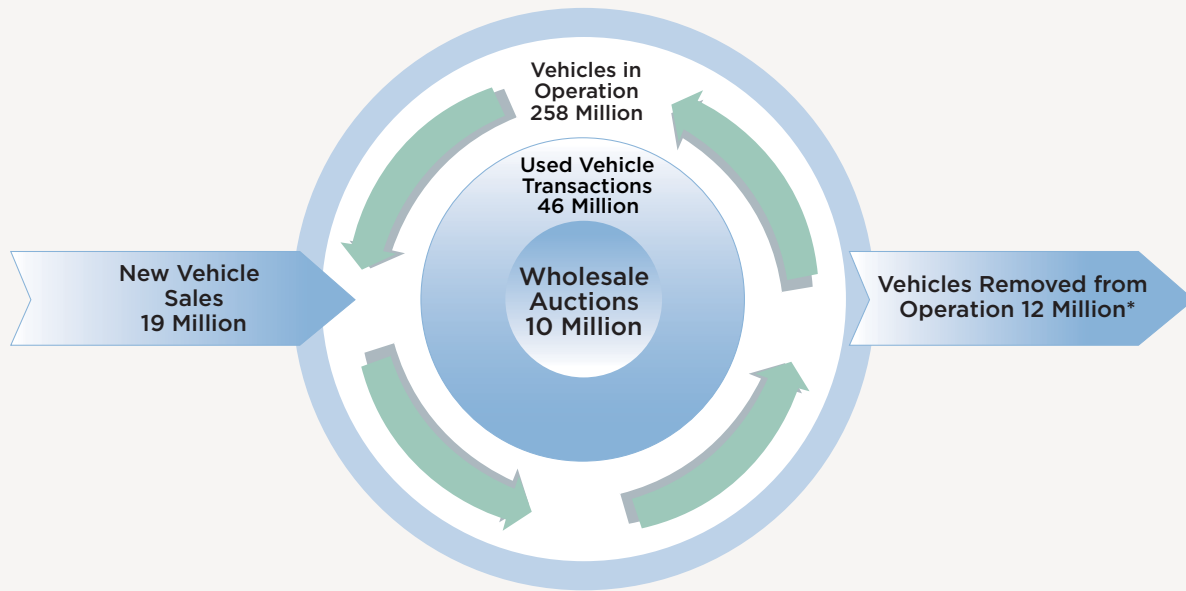


Ownership changes during "the vehicle life cycle" are often expedited via the vehicle remarketing industry, which includes wholesale used vehicle and salvage auctions that are conducted in live and online venues. And 2005 was no exception, as the quantity of vehicles in operation (VIO) and used vehicle transactions in the U.S. and Canada grew once again. Wholesale used vehicle auctions channeled net volumes approaching 10 million units into these used vehicle sales, while salvage auctions processed and sold approximately 3.25 million total-loss units.

**The Vehicle Life Cycle and Vehicle Remarketing in 2005
-U.S. & Canada-**



*Includes approximately 3.25 million units of salvage auction sales.

Figure 1. Source: ADESA Analytical Services.

The rest of this section provides trends for each of the items depicted in the life cycle diagram.



**About one in five
vehicles on the
road will cycle in
the used car market
every year.**

Total Vehicles in Operation Improving vehicle quality has allowed vehicles to last longer, thereby reducing vehicle retirements (but not total-loss units, which have actually increased). At the same time, new vehicle demand has remained strong, generating high additions to the stock of vehicles in operation. As a result, VIO has increased steadily in the U.S. and Canada over the last several years.

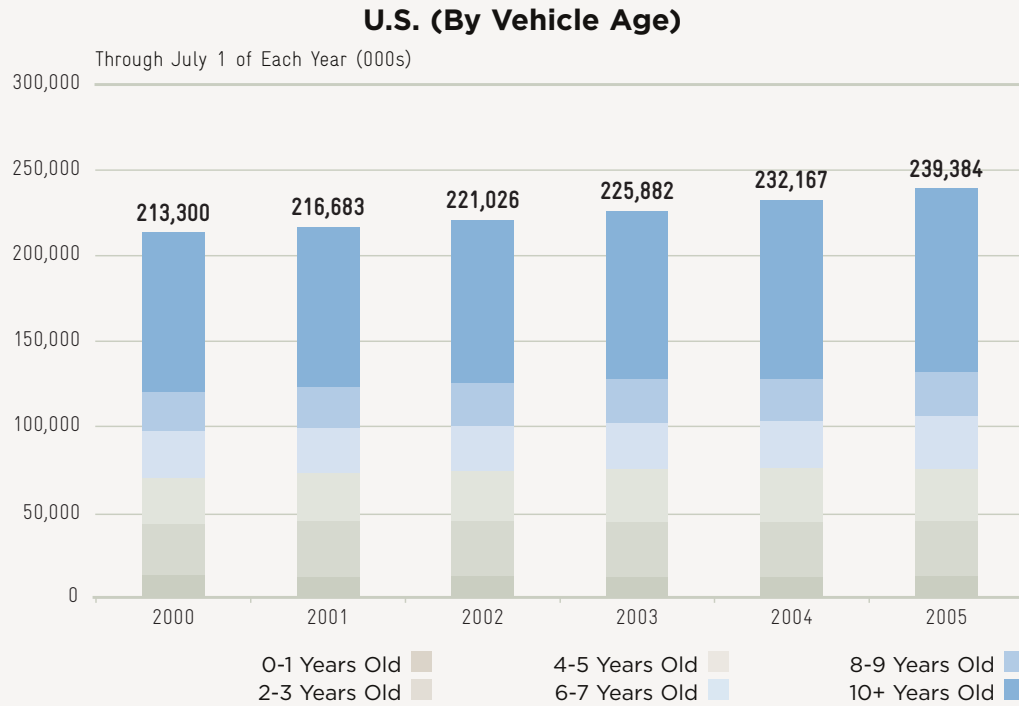


Figure 2. Source: R.L. Polk & Co. and ADESA Analytical Services.

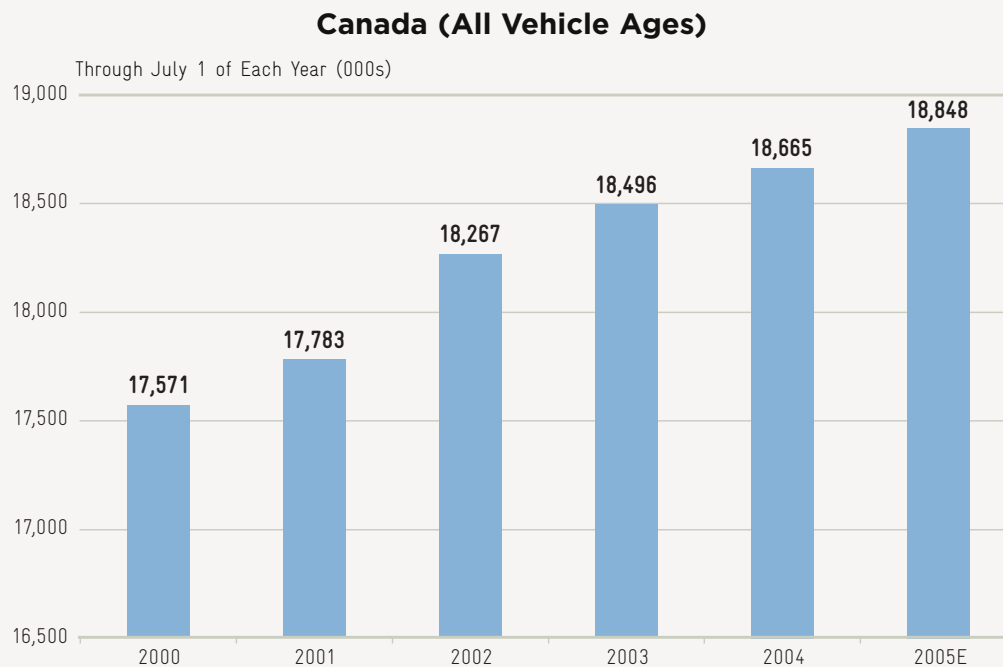


Figure 3. Source: R.L. Polk & Co. and ADESA Analytical Services.

New Light Vehicle Sales Remarkably, 17 million units has almost become a norm for U.S. auto industry sales, while Canada adds another 1.5-million-plus units a year. As soon as these vehicles are sold, they become used units eligible for future resale.

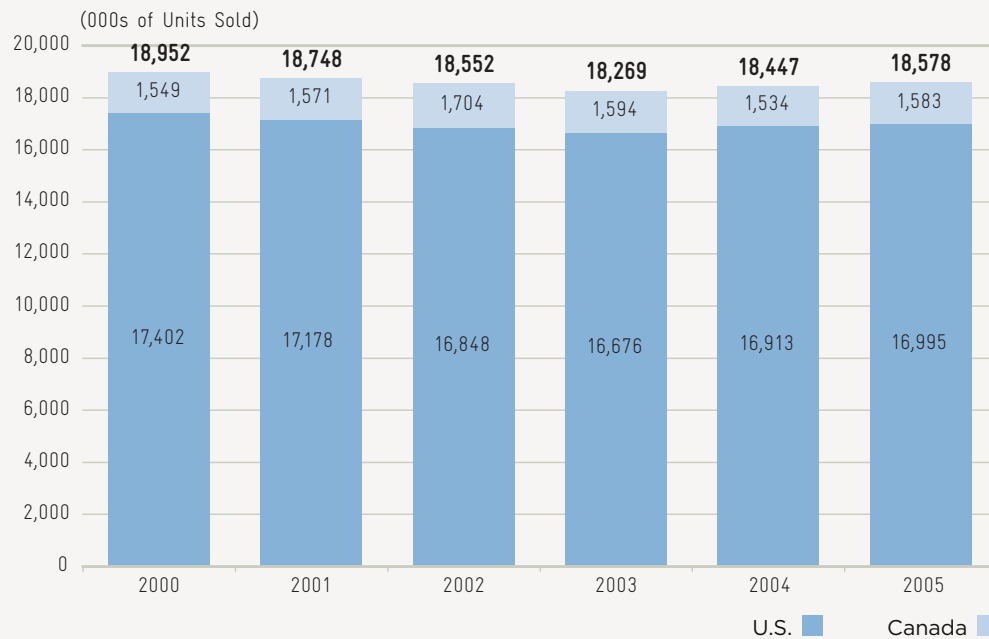


Figure 4. Source: Automotive News Data Center and ADESA Analytical Services.

U.S. New Medium/Heavy Duty Truck Sales The strong economic conditions in 2005 led to near-record medium and heavy truck sales to help handle surging truck shipments. Auctions are often involved in the remarketing of these vehicles as well.

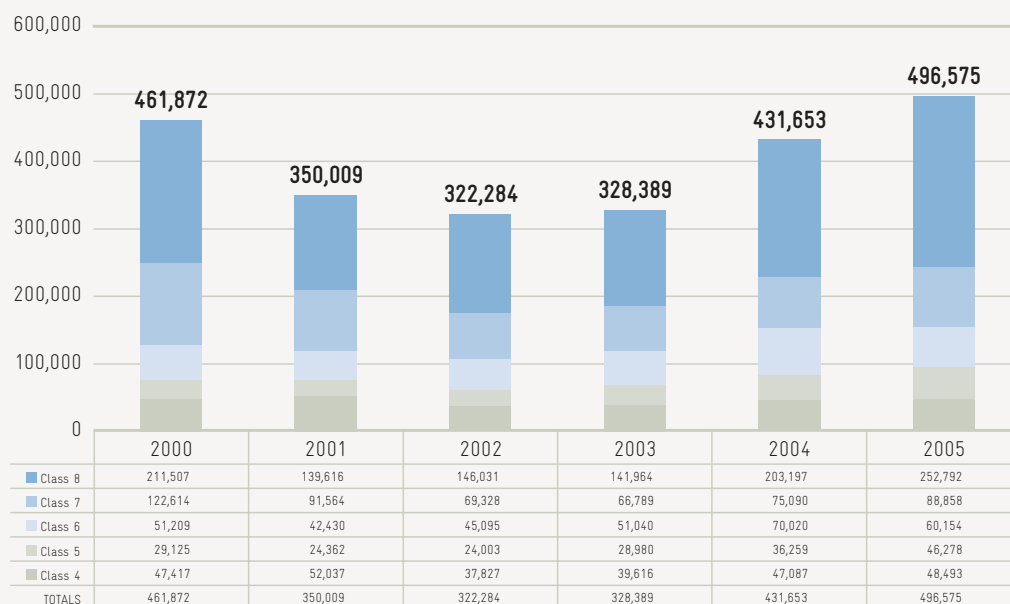


Figure 5. Source: Ward's Communications and ADESA Analytical Services.

Total Vehicles Removed from Operation As vehicle quality and longevity has increased, the rate of vehicle retirement has slowed (although total-loss units, which have been involved in accidents, have actually increased). This has contributed to the growth of VIO.

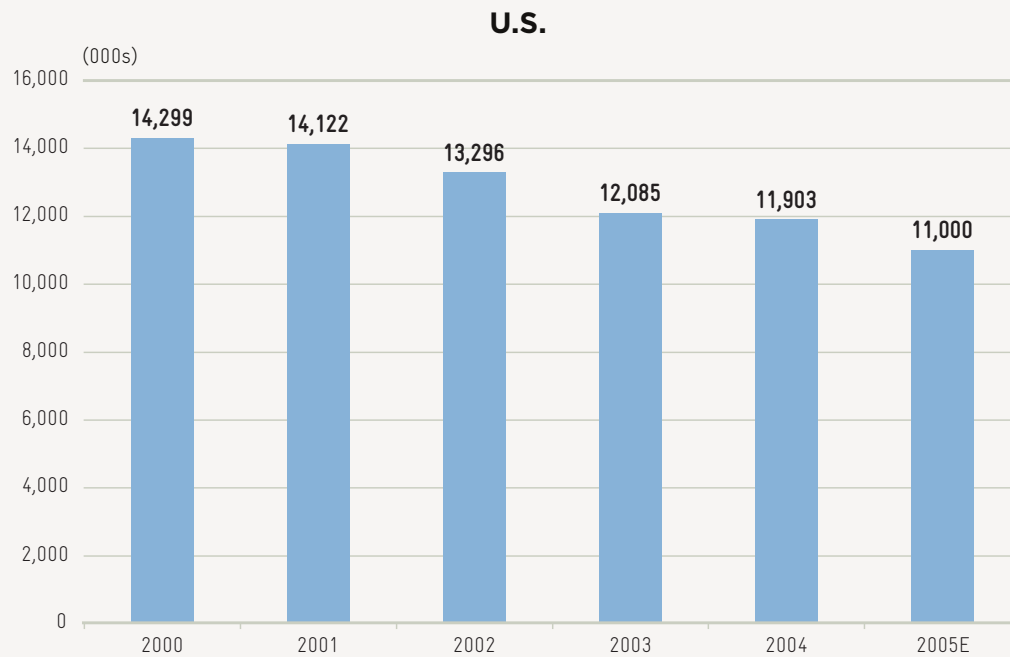


Figure 6. Source: R.L. Polk & Co. and ADESA Analytical Services.

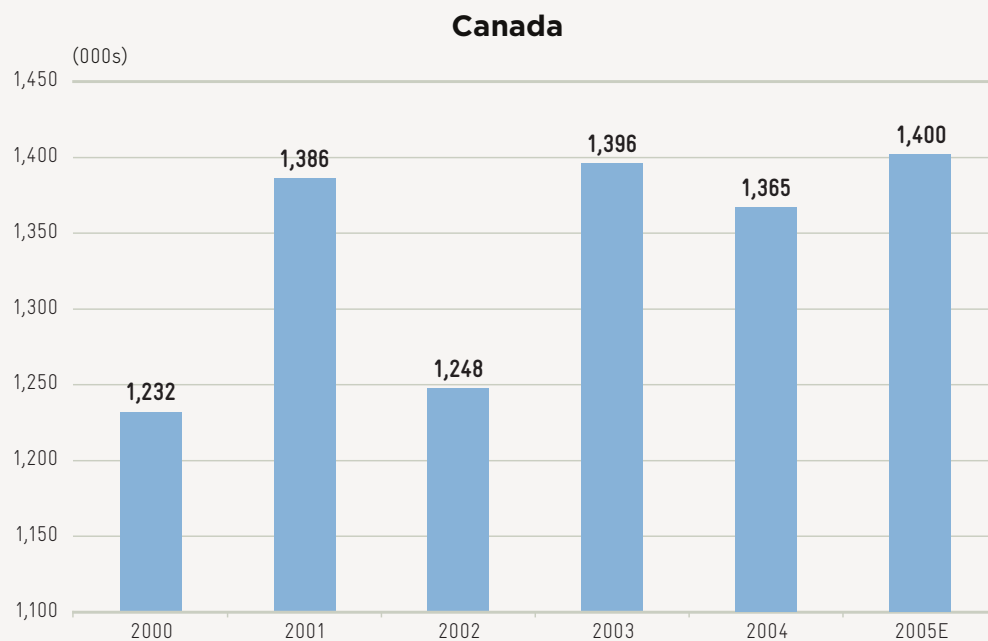


Figure 7. Source: R.L. Polk & Co. and ADESA Analytical Services.

Used Vehicle Sales Retail used vehicle sales by franchised and independent dealers again broke 32 million units - more than two-thirds of all used vehicles sold in the U.S. and Canada. However, private sales by individuals, which by pass the wholesale remarketing process, grew significantly in 2005. Much of this growth can be traced to the recovery in vehicle ownership as leasing declined from 2000-2003. With the rebound in leasing since then, fewer individuals will take ownership of their vehicles and hence private sales should stabilize.

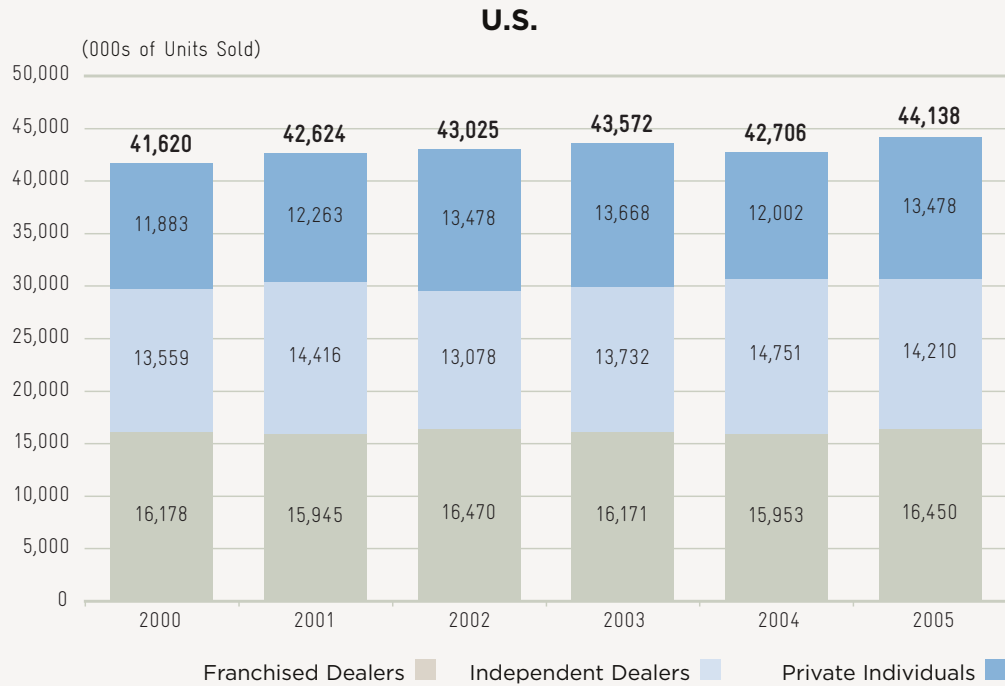


Figure 8. Source: CNW Marketing/Research and ADESA Analytical Services.

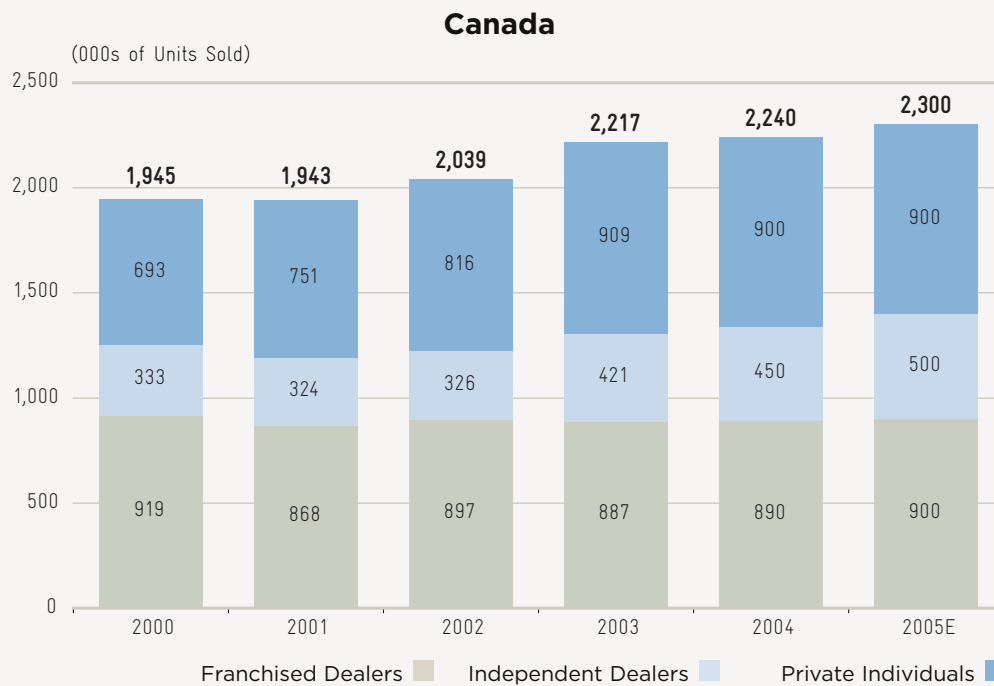


Figure 9. Source: DesRosiers Automotive Consultants and ADESA Analytical Services.

U.S. and Canada Auction Sales Volumes The growth in private sales discussed on the previous page was one reason auction volumes fell modestly despite the increase in total used vehicle sales. In addition, employee discounts on new vehicles generated attractive trade-ins at franchised dealerships, and these units were retailed directly rather than wholesaling them at auction - especially when new vehicle inventories were depleted. Moreover, off-lease volumes continued to decline in 2005, albeit at more modest rates than in 2004. Considering these pressures, auction volumes remained remarkably steady.

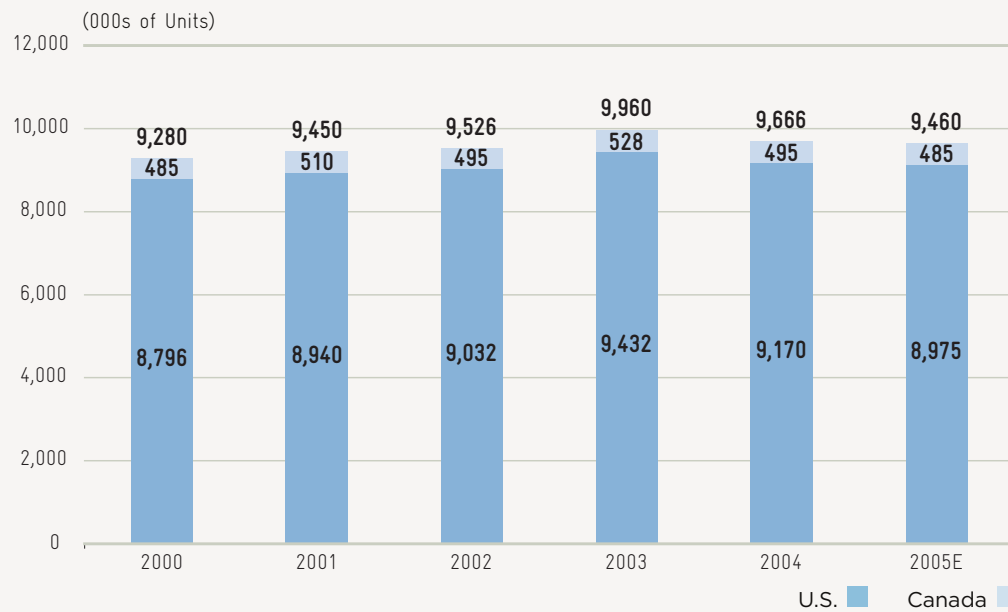


Figure 10. Source: National Auto Auction Association (NAAA) and ADESA Analytical Services.

U.S. and Canada Auction Sales Volumes by Source

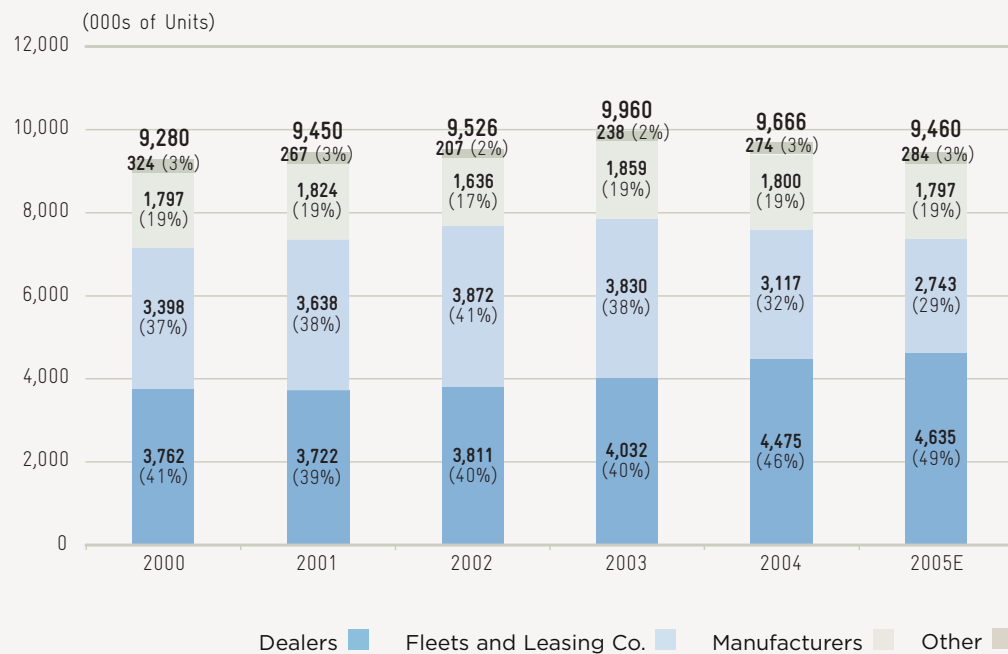


Figure 11. Source: NAAA and ADESA Analytical Services.



Franchised and independent dealers obtain over 20 million vehicles as trade-ins.

