

ADESA, INC.

Board of Directors

Corporate Governance Guidelines

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ADESA, INC.
Board of Directors
Corporate Governance Guidelines

These Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors of ADESA, Inc. ("ADESA" or the "Company") to assist it in the performance of its duties and the exercise of its responsibilities. The Board believes that good corporate governance is a source of competitive advantage for ADESA. Good corporate governance will serve to drive superior performance and maximize the effectiveness of the Board and the Company's executive management team by efficiently bringing to bear the skills, experience and judgment of the Board.

These Guidelines are the current views of ADESA's Board of Directors concerning philosophy, style, and emphasis of governance. The Board views these Guidelines as guidelines—not rigid restraints—and believes they are evolutionary in nature. The Guidelines are neither intended to be, nor are they, rigid rules that govern the Board's activities. The Guidelines are subject to review and modification from time to time by the Board.

BOARD ROLES AND RESPONSIBILITIES

Board Objective

The Board's objective is to build long-term value for the Company's stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

Board Responsibilities

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

Among other things, the Board's decision-making responsibilities include: (a) review and approval of the Company's mission, strategies, objectives and policies, as developed by Management; (b) the selection and evaluation of the Company's Chief Executive Officer ("CEO"); (c) the determination of the terms of the CEO's employment, including his or her compensation package; and (d) the approval of material investments or divestitures, strategic transactions, and other significant transactions that are not in the ordinary course of the Company's business.

Among other things, the Board's oversight responsibilities include monitoring: (i) the Company's compliance with legal requirements and ethical standards; (ii) the performance of the Company (in relation to its mission, strategies, financial and non-financial objectives, and competitors); (iii) the Company's success in developing leaders and ensuring a strong management team with sound succession plans; (iv) the performance and effectiveness of the CEO and Management; and (v) the Company's financial reporting processes and internal controls. In addition, as appropriate, the Board should offer the CEO and Management constructive advice and counsel. The Board as a whole should consider all major decisions.

Expectations of Individual Directors

Among other things, the Board expects each Director to: (a) understand ADESA's businesses and the marketplaces in which they operate; (b) regularly attend meetings of the Board, its committees on which he or she serves, and the Annual Meeting of Shareholders; (c) review and understand the materials provided in advance of meetings and any other materials provided to the Board from time to time; (d) monitor and keep abreast of general economic, business and management news and trends, developments in ADESA's competitive environment, and ADESA's performance; (e) actively, objectively and constructively participate in meetings and the strategic decision making processes; (f) share his or her perspective, background, experience, knowledge and insights as they relate to the matters before the Board and its committees; and (g) be reasonably available when requested to advise the CEO and Management on specific issues not requiring the attention of the full Board but where an individual Director's insights might be helpful to the CEO or Management.

Board's Expectations of Management

Among other things, the Board expects Management to: (a) provide strong, informed and ethical leadership; (b) develop strategies that build businesses with strong sustainable marketplace positions and that build Stockholder value over the long term; (c) develop appropriate strategic and operating plans; (d) maintain effective control of operations and report regularly on its programs to ensure compliance with the highest ethical standards, as well as with legal, regulatory and other requirements; (e) measure and report performance against peer enterprises; (f) provide sound succession planning and management development; (g) maintain a sound organizational structure; (h) inform the Board regularly of the status of key initiatives and changes in the Company's performance or the environment in which it operates; and (i) timely address and resolve issues discussed at Board and Board committee meetings. Management acting through the CEO will inform the Board of material developments as soon as practical, and not wait until regularly scheduled Board meetings.

BOARD SELECTION AND COMPOSITION

Number of Directors

The Board should have a sufficient number of Directors to reflect a substantial diversity of perspectives, backgrounds and experiences, but not so many Directors that the size of the Board hinders effective discussion or diminishes individual accountability. The Board will from time

to time evaluate its size in light of changes in the size and complexity of the Company and its businesses and may change the specific number of Directors constituting the Board by resolution.

Number of Independent Directors

Independent Directors will constitute a substantial majority of the Board. Except in unusual circumstances, the Board believes that no more than two members of Management should serve on the Board at the same time.

Definition of Independent Director

An Independent Director is one who the Board has affirmatively determined has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) (an "Independent Director"). In addition, a person is not an Independent Director unless that person meets the applicable independence requirements of the New York Stock Exchange and the Securities and Exchange Commission. The Board of Directors will annually review any direct or indirect relationships between the Company and its Directors and shall make an "independence" determination with respect to each non-management Director based on all relevant facts and circumstances pertaining to such Director. Each independent Director shall notify the Chairman of the Board and the Chair of the Corporate Governance and Nominating Committee, as soon as practicable, of any event, situation or condition that may affect his or her independence.

Nomination and Selection of Directors

The Board, as a whole, will be responsible for nominating individuals for election to the Board and for filling vacancies on the Board that may occur between annual meetings of the Shareholders. The Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board, will be responsible for identifying, screening, personally interviewing and recommending candidates to the entire Board. In nominating candidates, the Board shall take into consideration such factors as it deems appropriate. These factors may include integrity, achievements, judgment, intelligence, personal character, the interplay of the candidate's relevant experience with the experience of other Board members, the willingness of the candidate to devote adequate time to Board duties, and likelihood that he or she will be willing and able to serve on the Board for a sustained period. In connection with the selection of nominees for Director, due consideration will be given to the Board's overall balance of diversity of perspectives, backgrounds and experiences. It is the Board's policy that any potential nominee will have been interviewed by a majority of the members of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee will consider any suggestions offered by Management, other Directors or any Shareholder with respect to potential Directors.

Voting for Directors

In an uncontested election, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation following certification of the shareholder vote.

The Corporate Governance and Nominating Committee shall consider the resignation offer and recommend to the Board whether to accept it. The Board will act on the Corporate Governance and Nominating Committee's recommendation within 90 days following certification of the shareholder vote. The Board will promptly disclose their decision whether to accept or reject the Director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a press release.

Any Director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Governance and Nominating Committee recommendation or Board action regarding whether to accept the resignation offer.

If all members of the Corporate Governance and Nominating Committee receive a Majority Withheld Vote at the same election, then the independent Directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them; provided, however, if the only Directors who did not receive a Majority Withheld Vote in the same election constitute two or fewer Directors, all Directors may participate in the action regarding whether to accept the resignation offers.

Board Leadership

The Company will have a Chairman of the Board and Chief Executive Officer, who may be the same person. The Board may, however, separate these two positions when it deems it to be in the best interests of the Company and the Shareholders to do so. If the Chairman and CEO are not the same person, then the Chairman will be an Independent Director. If the Chairman and CEO are the same person, the Independent Directors will select an Independent Director to act as the Board's leader when it meets in executive session or when the Board Chairman is unable to lead the Board's deliberations (the "Lead Director"). The duties of the Lead Director also include the review of meeting agendas and schedules, calling special Board meetings, when necessary, and serving as a liaison between the Board and the CEO.

Director Retirement

Directors normally will not stand for re-election if they will have reached age 70 prior to the mailing to Shareholders of that year's Proxy Statement. Any member of Management (including the CEO) who is a Director will retire from the Board at the same time he or she discontinues active management responsibilities with the Company, or ceases to hold the position held at the time the last Proxy Statement was mailed to shareholders in connection with election of Directors, unless in either case requested by the Board to continue as a Director.

Change of Position

Any non-employee Director who retires or changes the position held when the Director became a member of the Board will promptly notify the Board in writing of the nature of this change, and submit a written resignation from the Board which shall not become effective unless accepted by the Board. The Corporate Governance and Nominating Committee will consider whether or not such resignation should be accepted and make a recommendation to the Board. The Board will determine whether or not such Director will continue as a member of the Board.

Service on Other Boards

The Board believes that individuals should limit the number of boards on which they serve in order to give proper attention to their responsibility to each board. Directors will seek and obtain approval of the Corporate Governance and Nominating Committee for memberships on other boards of directors (or similar governing bodies) and shall inform the committee of any nomination to such a body. The committee shall review the requirements of such membership with the Director. As a general policy, the Board believes that Directors should limit their service to not more than three other boards of public companies but exceptions to this policy will be made in appropriate cases. Where a Director seeks to serve on more than three other boards, the Corporate Governance and Nominating Committee will consider the request and submit its recommendation to the Board for consideration and decision. All memberships on other boards by the CEO will be considered and decided by the full Board based upon the Corporate Governance and Nominating Committee's recommendation.

Service on Boards of Competing or Interlocking Enterprises

A Director will not serve as a director of any public company that is competitive with the businesses of the Company. Federal law regulates so-called "interlocking" directorates; and other restrictions are imposed where two or more Directors of the Company serve together on another board or similar body. Directors should seek legal guidance concerning such memberships.

Ethics and Conflicts of Interest

The Board expects all Directors, as well as officers and employees, to act ethically in the conduct of the business of the Company and to adhere to ADESA's Code of Business Conduct.

Director Orientation and Continuing Education

The Board and Management will provide an orientation program for new Directors that includes, as advisable, management meetings, facility visits, and materials, such as the Company's organizational and governance documents, recent Board and committee minutes, recent Securities and Exchange Commission filings, strategic and operating plans, financial information, corporate structure and organizational charts, and information about the Company's businesses, products, services and the industries in which the Company operates. The Board recognizes the importance of continuing education for its Directors and is committed to provide such education in order to improve both Board and committee performance. Directors are encouraged to participate in continuing director education programs.

BOARD OPERATIONS

Number of Regular Meetings

The Board will hold at least four regular meetings each year.

Meeting Schedule

The Chairman will prepare and propose a Board meeting schedule for the ensuing year for consideration by the Board at its first meeting following the Annual Meeting of Shareholders.

Extended Meeting

Each year, one of the Board's meetings will be scheduled over an extended period to permit detailed review of the Company's strategic plan.

Executive Sessions

At each regularly scheduled meeting, the Board will conduct discussions that involve only the non-management Directors. These meetings will be chaired either by the Chairman (if he or she is an Independent Director) or by the Lead Director (if the Chairman is not an Independent Director). If not all of the non-management Directors are Independent Directors, then the Independent Directors will meet separately in Executive Session at least once a year in connection with the annual meeting of shareholders. In order that interested parties may be able to make their concerns about the Company known to the non-management directors, those parties should contact the Chair of the Corporate Governance and Nominating Committee directly.

Meeting Materials

In advance of each Board meeting, an agenda for such meeting will be sent to each Director together with: (a) written materials pertaining to certain matters to be presented for Board decision at such meeting; (b) summary financial information needed to understand the performance of the Company; (c) minutes of the most recent Board meeting and of any committee meetings held since the distribution of materials for the most recent Board meeting; and (d) other written materials that are available in advance of the meeting. Written materials should be designed to provide a foundation for the Board's discussion of key issues and allow the Board to make the most efficient use of its meeting time. Directors may request additional information or changes in the scope, amount or format of the information provided, and the CEO will make every effort to provide such additional information or make such changes.

Board Contact with Management and Independent Advisors

Directors may from time to time meet individually with members of Management. Normally, the CEO should be informed of such meetings in advance and, following such meetings, informed of the results of and matters discussed during such meetings. Directors should use their access to Management with care so as not to undermine normal lines of management authority. As necessary and appropriate, Directors shall have access to independent advisors retained by the Board.

CEO Evaluation

Each year the Corporate Governance and Nominating Committee will develop and recommend to the Board criteria that will be used to evaluate the CEO's performance. These criteria will

include, among other things, the Company's performance against its strategic and operating plans, as well as achievements in management development and succession planning. The Corporate Governance and Nominating Committee will solicit input from each of the Independent Directors regarding the CEO's performance, and share the results of its evaluation with the Board's Independent Directors. The Executive Compensation Committee will set goals and objectives relevant to the compensation of the CEO and evaluate the performance of the CEO in light of those goals and objectives. After discussion and approval by the Independent Directors, the Lead Director (if the Chairman is the CEO) or the Chairman (if he or she is not the CEO) and the Chair of the Executive Compensation Committee will meet with the CEO to discuss the evaluation.

Strategy

It is Management's responsibility to formulate, propose and implement strategy and the Board's role to approve strategic direction and to evaluate strategic results. Board approval will be required for changes in long-range strategy (including resource allocation) and changes in long-term capital structure as well as the entry into a new substantial line of business.

Management Development And Succession Planning

Selecting a Chief Executive Officer and planning for succession is a major responsibility of the Board. On an annual basis, the CEO will present a report on management development and succession planning for key Management positions in all corporate and business units, together with a proposed succession plan to the Board for its consideration.

Board Evaluation

Each year the Board will develop criteria that will be used to evaluate the Board's performance. The Board shall conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively.

BOARD COMMITTEES

The Board will normally have three standing committees - Audit Committee, Executive Compensation Committee, and Corporate Governance and Nominating Committee. The Board may, from time to time, expand or reduce the number of standing committees, change committee responsibilities or form ad hoc committees. Each standing committee will have a charter that is adopted by the Board. In general, the committees should function to identify and focus issues for discussion by the full Board. Each committee chair shall report regularly to the Board on committee meetings and other committee activities.

Committee Composition; Rotation of Membership

The size, membership, and chairs of each committee will be determined by the Board. Each of the committees will be chaired by an Independent Director and will have only Independent Directors as members. The membership and chairs of the committees will be rotated from time to time after considering the recommendations of the Corporate Governance and Nominating Committee, to allow Directors serve on various committees over time while providing for

continuity of membership and leadership on each committee. Any Board member and the CEO may participate in any committee meeting except when such participation would present a conflict of interest or, in the case of a Chairman who is also the CEO, the meeting is an executive session of the committee.

Annual Committee Meeting Schedule

The chair of each committee, in consultation with the CEO and the Lead Director (or Chairman, if the CEO is not the Chairman), will prepare and recommend to the Board at its Annual Meeting of Shareholders, normally held in May, a schedule for the committee for the ensuing year. Copies of each committee's schedule will be distributed to all Directors.

Committee Meeting Materials

The chair of each committee will oversee the preparation of an agenda for each meeting. The agenda, together with: (a) written materials pertaining to the matters to be presented for consideration at such meeting; and (b) the minutes of the most recent meeting of the committee, will be provided to each committee member in advance.

Management Attendance at Committee Meetings

The chair of each committee in consultation with the CEO will determine which members of Management will attend each committee meeting.

Committee Reports to the Board

At least once per year the chair of each committee will make a presentation to the Board regarding the activities and policies and practices of his or her committee. The purpose of such presentation is to inform Directors of the activities, policies and practices of committees on which they do not serve.

Other Committees

The Board may form ad hoc committees from time to time. The Board will determine the size, membership, and chair of each ad hoc committee. Generally, the chairs and most members of such committees will be Independent Directors. The Board may appoint members of Management as ex officio members of such ad hoc committees.

DIRECTORS' COMPENSATION

The Executive Compensation Committee will review and determine directors' compensation, subject to the approval of the Corporate Governance and Nominating Committee. Members of Management who are also Directors will not receive additional compensation for their service as Directors. Management will report annually to the Executive Compensation Committee on the amount and composition of the compensation of the Company's Directors in relation to the compensation of directors of comparable enterprises. The Board believes that it is important to align the interests of Directors with those of the Shareholders. Accordingly, the Board believes that a significant portion of Directors' compensation should be paid in stock, stock options or

other forms of compensation that correlate with the market value of the Company. The Executive Compensation Committee will recommend changes in Directors' compensation to the Board.

DIRECTORS' AND OFFICERS' SHARE OWNERSHIP

The Board believes that the Directors and Officers should be shareholders and, based on recommendations of the Corporate Governance and Nominating Committee, will establish guidelines for stock ownership by Board members and Officers.

MANAGEMENT SERVICE ON OTHER BOARDS

The CEO will report to the Board annually regarding membership of Executive Management on boards or similar governing bodies of other entities.

COMMUNICATIONS

Management speaks for the Company. Inquiries from investors, analysts, the press, customers, suppliers, or others should be referred to the CEO or other appropriate members of Management. Individual Directors may, from time to time, meet with various constituencies of the Company, at the request of or with the concurrence of Management. Directors are free to meet with or address the public or special groups concerning board practices generally, and other matters of interest to the Directors not directly related to activities of the Company, and such contacts will not require Management concurrence.

Shareholders and other interested parties may contact any member (or all members) of the Board by mail. To communicate with the Board of Directors, any individual Directors or any group or committee of Directors, correspondence should be addressed to the Board of Directors or any such individual directors or group or committee of directors by either name or title. All such correspondence should be sent "c/o Corporate Secretary" at 13085 Hamilton Crossing Blvd., Carmel, Indiana 46032.

All communications received as set forth in the preceding paragraph will be opened by the office of the Corporate Secretary for the sole purpose of determining whether the contents represent a message to our Directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group or committee of directors, the Corporate Secretary's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope or e-mail is addressed.