



HEED THE CALL

2006 ANNUAL REPORT
copart



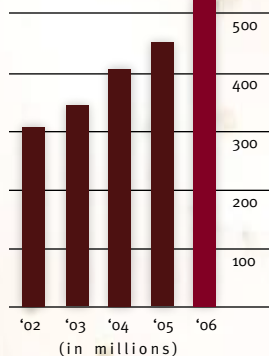
On Aug. 29, 2005, Hurricane Katrina, the worst natural disaster in American History, made landfall. Amidst the incredible destruction, Copart emerged as an important name in the recovery effort thanks to the heroic efforts of our employees who put their personal needs aside to do what was best for the company and our customers. We chose to honor their heroic efforts here. These are their stories...

Copart is North America's only completely virtual auction-style trading platform for damaged vehicles. Copart sells and transports totaled vehicles for the insurance industry and has pioneered the use of VB² technology as a replacement to the traditional live auction model. Established in 1982 with a single location in Vallejo, California, Copart has now grown to 122 facilities in North America. Copart is traded on the NASDAQ under the symbol CPRT.

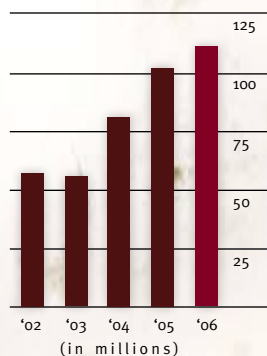
Financial Highlights

(From Continuing Operations)

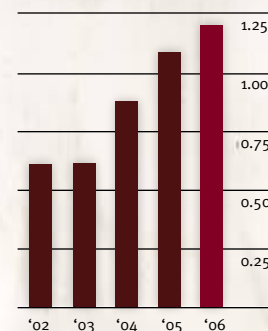
revenues



net income



diluted EPS



At July 31,

(in 000's except per share and other data)

2006 2005 2004 2003 2002

OPERATING RESULTS

Revenues	\$ 528,571	\$ 447,731	\$ 391,014	\$ 335,407	\$ 306,472
Operating income	171,562	156,436	124,461	90,638	89,742
EBITDA	203,018	186,902	154,110	115,012	105,640
Income before taxes	174,522	164,595	129,921	93,994	94,848
Net income	112,660	101,823	78,992	57,117	58,121

BASIC PER SHARE AMOUNTS

Net income	\$ 1.24	\$ 1.13	\$ 0.89	\$ 0.63	\$ 0.65
Weighted average shares	90,372	90,162	89,457	91,408	88,718

DILUTED PER SHARE AMOUNTS

Net income	\$ 1.21	\$ 1.10	\$ 0.87	\$ 0.62	\$ 0.63
Weighted average shares	92,925	92,984	91,537	93,018	91,251

BALANCE SHEET DATA

Cash, cash equivalents and short-term investments	\$ 275,315	\$ 252,548	\$ 178,320	\$ 116,746	\$ 132,690
Working capital	328,017	293,696	228,535	166,746	171,753
Total assets	894,705	793,528	673,023	587,100	535,848
Total debt	—	—	16	107	409
Shareholders' equity	809,970	709,379	602,263	525,640	486,217

OTHER DATA

Number of facilities	122	117	107	102	94
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We proved ourselves
 as a real business partner
 to the insurance industry,
 never to be underestimated
 and always to be counted on.

A Year That Defined Us

Hurricane Katrina was a defining moment for the United States in 2005, going down in history as the costliest and one of the deadliest natural disasters in our nation. Katrina destroyed homes, lives and entire cities in its wake. But amidst this incredible destruction, heroes emerged. Ordinary people faced with incredible adversity proved themselves to be extra-ordinary, banding together for strength and using hope to see them through the eye of the storm.

Katrina also defined Copart. Faced with the overwhelming task of locating, transporting, storing and cleaning up cars damaged not just by Katrina but by other storms in the most active Atlantic hurricane season in recorded history, Copart also proved itself to be extra-ordinary. We did so by banding together our vast resources – our more than 2,000 dedicated employees, state-of-the-art technology, and more than 120 locations across North America – which allowed us to respond to the tragedy like no other company could.

Between the time Katrina hit on Aug. 29, 2005, and the end of fiscal year 2006 (July 2006), Copart processed tens of thousands of hurricane vehicles in addition to the more than one million it normally handles in a year. The company added two facilities specifically for hurricane cars and temporarily expanded its services to include recovery and crushing, just to name a few. Hundreds of Copart employees also responded to the catastrophe, working away from home in adverse conditions to deliver the best customer service possible.

Through it all, Copart chose to absorb the extra costs associated with the disaster instead of passing them on to our customers. Those costs included mobilizing or relocating over 400 employees; obtaining

or developing over 440 acres of additional storage capacity; creating virtual communities with living accommodations, running water, waste disposal, data and voice communications and fuel; and purchasing additional heavy equipment and office facilities.

We view those extra costs as an investment in our future. We proved ourselves as a real business partner to the insurance industry, never to be underestimated and always to be counted on. We have proven there is nothing we won't do to get the job done. We are confident we are the only company in the salvage disposition industry with the determination and resources to marshal such a comprehensive disaster response, and we believe our customers are confident of that too.

We are already seeing the results of our investment. Existing and prospective customers have told us when their back is against the wall, when things seem impossible as they did in

**“When you watch the news,
or the weather channel, and
you see this massive
system coming in, the only
thing you can hope for is
that it doesn't hit mainland.
But if it does come, at least
we know what we have to do. At least
we can do it.”**

**- Russ Lowy
Senior VP of Operations**

the wake of Katrina, they want Copart on their side. In Louisiana, Mississippi and other areas in hurricane alley, Copart emerged as an important ally in the clean-up and recovery efforts, with many government agencies asking and receiving Copart's help. One of Copart's first priorities after the storm was picking up vehicles at Kessler Air Force Base in Biloxi, Mississippi, so that rescue operations could be made

to New Orleans.

In the midst of cleaning up after Katrina, Copart also had to deal with two lesser, but still very destructive storms that swept across Florida. Hurricanes Rita and Wilma produced tens of thousands of additional salvage vehicles, within weeks filling up not only existing Copart yards there, but also two recently opened yards in Florida.

Copart not only did extraordinary things to handle the additional demands of these catastrophes, we also made continued progress in our core business. We grew the company by 11 salvage yards in fiscal year 2006 and experienced revenue growth

of \$80.8 million or 18.1 percent. Our change-centric culture allowed us to adapt to the demands of the hurricanes, without sacrificing service in the rest of our facilities in North America.

Copart's strong management, uniform systems, and network of resources are all reasons for our success this fiscal year. But we owe much of what we were able to accomplish to our employees - the heroes within Copart - many of whom lived through their own tragedies yet put their personal needs aside to

do what was best for the company and our customers. It is their stories we want to tell, because their stories show Copart's strength as a company - our absolute focus on customer service in even the most difficult of circumstances. While we can't possibly talk about every single one of our dedicated employees who helped us succeed or list all their individual accomplishments, we hope by highlighting a few of them we will be able to paint you a picture of why we are so proud of what we have achieved.

How Copart prepared

Copart is no stranger to disaster recovery. We recovered vehicles destroyed by the San Francisco earthquake in 1989, the Oakland fires of 1991, and the tornado outbreak in Oklahoma City in 1999. In the year prior to Katrina, we helped clean up the devastation caused by four back-to-back hurricanes that hit the state of Florida. Between these events there were dozens of other lesser-known tornados, hurricanes, earthquakes and fires across the country that required our response.

All of these events put together, however, did not match the devastation and havoc caused by Katrina. Still, our prior experiences did build a footprint for handling catastrophes. We had developed the framework for a catastrophe plan and appointed VP of Operations Rich Kruse to be in charge of coordinating catastrophe efforts so we would always be prepared. In 2005, we opened a backup systems facility in Las Vegas, so that if a catastrophe hit at our headquarters in California, we would be able to keep operating our yards without interruption.

When Katrina was forecast, we made plans for the senior executives to take turns going to the affected areas after the storm to make sure our employees, operations and customers were well taken care of. We also began work to find property that would hold the extra cars and contacted vendors about

"We went to New Orleans when they first opened up the roads to get the yard back up. It was really eerie. We got lost because signs were missing. There was no one on the streets. The houses were dark. It was worse than we expected. There were piles of debris and rubble, and I found myself wondering 'How did that boat get THERE?'"

**- Rick Cassell
Operation Services Manager**



...we owe much of what we were able to accomplish to our employees - the heroes within Copart

Then the storm hit –
and even the worst-case scenario
seemed to pale
in comparison to reality.



extra equipment we would need to process those cars. We communicated with our managers at locations in Katrina's path and had them secure their facilities and collect contact information for our employees so we could reach them once the storm had passed.

Keith Duty, the VP of Marketing for the area, also went to work communicating our plans with our customers, giving them realistic expectations of what Copart could do and reassuring them of our commitment.

Then the storm hit – and even the worst-case scenario seemed to pale in comparison to reality.

When we saw the television reports about New Orleans, we were sure our facility there was a total loss. Members of Copart's Human Resource team went to work trying to locate and help the New Orleans employees as well as those in other affected yards including Baton Rouge, Louisiana; Jackson, Mississippi; and Mobile, Alabama. Fortunately, all employees were found unharmed. But many suffered devastating losses to their homes. Copart provided displaced employees with financial assistance for lodging, food, and other supplies, and made arrangements for them to move to other facilities to work if necessary.

Erma Poole had worked for just two months as a dispatcher in Copart's New Orleans yard when Katrina hit. She lost everything she owned including her house and car. She and her family were staying at a hotel in Philadelphia, Mississippi, when Copart Regional Manager Jim White text-messaged her on her cell phone. When she called him back and told him where she was, White and his wife brought her food, clothes and games for her young nieces.

140+

MPH WIND GUSTS

25

FOOT STORM SURGE

80%

OF NEW ORLEANS FLOODED

Poole couldn't believe a company she had only worked at a short time would care so much. More than a year later, she is a faithful employee back at our New Orleans yard – working extra hours and performing extra duties to make sure Copart and our customers succeed.

The experience has also made the employees at Copart a more cohesive team. Employees in our Memphis, Tennessee facility adopted another one of our New Orleans employees and helped her until she could go back to her home. Other yards also pooled donations to help out fellow employees.

Copart employee Tony Heble, who works in the Tulsa, Oklahoma yard, drove 12 hours to bring Christmas to Poole's family. Heble and White were Poole's heroes, which made Copart one as well. The experience bonded these employees together, and showed Poole that Copart wasn't just a job, it was a family.

We credit our positive work environment to a cultural revolution that began in 2004. We wanted Copart to be a great place to do business, and a great place to work. We knew if people liked their coworkers and had fun at their jobs, they would also be more efficient and productive, and deliver better service to our customers. We reached out to employees through a "World

"It was rough working in some of those conditions, but I also enjoyed it because I was working with a lot of great people who put their needs aside to do what's best for the community and the company.

I am proud to have worked side by side with them."

**– Rich Kruse,
VP of Operations**



Ashford stayed behind
for two more days,
helping emergency personnel
continue to rescue people.

Tour” in which members of the senior executive team visited every one of our facilities to meet with all of our employees and talk about the company culture and our goal to have legendary people who provide legendary service. We also launched initiatives recognizing good work and promoting company spirit. We believe this investment in our culture really paid off this past year, as when we asked employees to work extra hours and work in extreme conditions, they did so without reservation.

We have built a company where people are committed to Copart, their jobs, our customers, and each other.

Helicopters, kayaks and Buicks

Bobby Ashford, general manager of Copart’s New Orleans yard, is yet another hero in this story. Despite the urgings of his boss and Copart executives to get out of the area before Katrina hit, he refused to leave.

All employees were told to get out of the area. Still, Ashford stayed. He bought extra food and water, got his kayak, and waited out the storm in his two-story townhome. During the storm, Jim White managed to get through to Ashford once on his cell phone. Ashford was telling White that the eye of the storm had passed and he thought the worst was over when he noticed water rushing into his house. He hung up, and eventually had to retreat to the second floor when water consumed the first. White didn’t hear from Ashford again for four days.

Ashford spent days on his roof and on the second floor. He used his kayak to deliver the extra food and water he purchased to stranded neighbors. One neighbor, who lived in a one-story home, had to cut through his roof from the attic when water levels got too high. They had nothing but the clothes on their backs until Ashford gave them some of his supplies.

By day three, Ashford was getting worried no one was coming to help. So using his kayak, he spent

four hours paddling to a bridge near the Copart yard. Everything around the yard was flooded, but Copart managed to survive relatively unscathed, along with NASA and Folgers Coffee facilities next door. Ashford paddled back home and told his neighbors he was going to go to the yard and get help, and promised them he’d be back.

The next day, Ashford paddled again to the yard, located 10 miles from his home, where he called White to report he was OK and the yard was not underwater.

Ashford ended up helping rescue his neighbors, as promised, and took them back to the yard where police and fire personnel helped them get out of the city. Ashford stayed behind for two more days, helping emergency personnel continue to rescue people.

Up until the time Ashford called from the New Orleans yard, there was no way for us to know if our facility was still there or that he was safe.

Some of our senior executives flew to Baton Rouge with as many supplies as they could carry, including water, military rations, and equipment, but were unable to get into the New Orleans area for several days. Finally, they were able to lease a helicopter and fly into the yard just long enough to assess the damage and retrieve important paper work. They met Ashford there and gave him relieved hugs.

As Copart management flew over the devastation, they realized this was a catastrophe like no other. They knew we didn’t have enough property in the area to take care of all the automobiles affected by this storm. So we started looking for more land - anything over 100 acres - figuring we’d need at least two sites.

“I learned a lot about people’s ability to step up in times of crisis and do phenomenal things. Never has a company stepped up like this without delay, without hesitation, to do what’s right for its customers and employees.”

Rich Kruse

VP of Operations

Copart Property Manager Mike Carson was one of the people deployed to try to find land to store cars. He rented a Buick and hit the road from his home in Texas. What he found in the path of the storm seemed like a scene from a disaster movie. There

473
ACRES PURCHASED IN

4
WEEKS

were no phones, no electricity, no restaurants, no hotels, no stores. He spent his first four nights sleeping in the rental car, and had to drive two hours just to get snack food.

When he found a store, he filled up his trunk with as much as he could take. He didn't drive anywhere into the devastated area with less than a half of a tank of gas for fear of being stranded. Cell phone service was spotty since many cell phone towers had been blown down.

Carson's days were filled with driving from dawn 'til dusk and sometimes longer. It was dirty and smelly. Yet Carson is extremely proud of his company. He has no doubt Copart was the only company to step up to the plate and commit the resources, the financial strength and the people to get into the devastated area, find properties, start accepting cars, towing cars and servicing clients. No one else came close, he said. And it was all because of Copart's people, and their sense of commitment.

Heeding the call

As Carson and others searched for more property, Copart began expanding existing operations at our yards in Mobile, Alabama and Baton Rouge, Louisiana. Both yards had adjacent property owned by Copart that could be used to hold more vehicles in a disaster such as this.

But with these yards taking up to 600 vehicles each day, they also needed people to receive them, move

them, and prepare them. That meant mobilizing employees from other yards to come work in the catastrophe zone. The call went out for people to volunteer for what we call "CAT (catastrophe) duty" and hundreds answered. Copart's Human Resources department became deployment central, arranging to have employees fly into Mississippi, Alabama and Louisiana.

Jeff Holder, General Manager of Copart's Mobile, Alabama yard, recalls how many Copart employees from all over the country sacrificed to help as his yard started to overflow with cars. Members of Copart's Pittsburgh, Pennsylvania yard more than 1,000 miles away spent up to 90 days in Mobile living out of campers lined up in the parking lot – working long hours away from their families. The yard, which usually employs nine people, had at least 30 extra people pitching in to get the job done. Rich Kruse, VP of Operations, worked right alongside receivers in the yard, knee deep in cars and mud. Everyone just did what it took, Holder said.

"There isn't anyone who did not rise to the occasion during this catastrophe. It isn't about individuals, it's about the team. We were a team."

– Gayle Mooney, VP of Quality Assurance

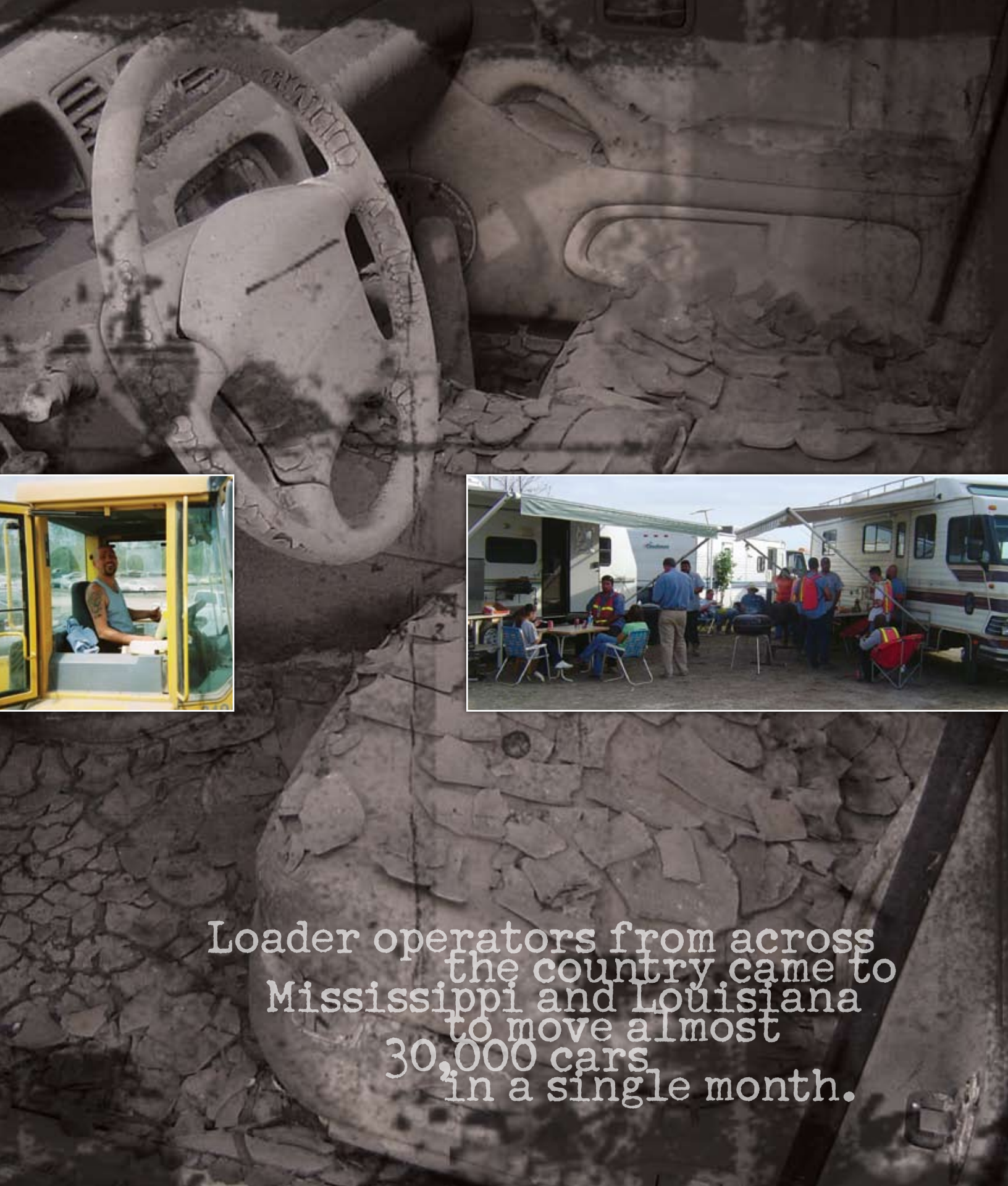
Right in the middle of the onslaught, Holder said, Copart also started a new contract with a major insurance company, taking their cars out of the panhandle in Florida. The team never missed a step, handling their business from an area outside of the hurricane zone without any disruption.

Similar stories came from Copart's Baton Rouge yard. General Manager Coy Berthelot said local staff worked right along side CAT staff like they had been a team for years, not days. Many of his staff had members of their families displaced, no electricity at home, or damage to their property to deal with. Yet they still came to work.



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35



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in a single month.

One of the heroes at Berthelot's yard was a yard manager that came out of Copart's Shreveport, Louisiana yard – Jeff Stuart. He was the first CAT employee to arrive in Baton Rouge, and he shined, Berthelot said. He made good decisions, worked well with the existing staff and took the pressure off of a lot of frazzled people. He was a real leader.

Another hero was Jennifer Delameter, a title clerk from Copart's Syracuse, New York yard, who single-handedly processed over 100 titles a day – almost three times the normal amount. She also rotated among the hurricane yards, doing what needed to be done, no questions asked.

Loader operators from across the country came to Mississippi and Louisiana to move almost 30,000 cars in a single month.

One of the reasons Stuart, Delameter, and other CAT employees were able to walk into other yards and be of immediate help is because of the uniformity among Copart's locations. Our policies and procedures are the same in every yard, which makes it easy for an employee from New York, for example, to do his job anywhere – be it a Copart yard in California, Mississippi, or Toronto, Canada. This was never more important than it was after Katrina, when Copart had to deploy so many of our employees to yards they had never set foot in before. They were able to walk in and immediately know what needed to be done.

Welcome to Copart City

Copart's CAT deployment worked very similar to a military operation, coordinating not just salvage recovery, but building places for our employees, vendors and clients to live and work.

Jim Long and Thad Rodgers, members of Copart's Equipment and Safety team, were sent to the Gulf area to help secure what was needed to build up operations. Their first stop was in Mobile, where Long

helped secure numerous wind-damaged trailers so employees would have a place to stay. Dismantling one of those trailers to use for parts, he fixed up the remaining trailers to make employee living quarters.

With so many extra cars coming in, and only three loaders at the Mobile yard, employees had to take turns working 24 hours, seven days a week to handle all the vehicles. Any other Copart facility that had a spare machine was called on to ship their equipment to Mobile. Rodgers and others began ordering other equipment needed, procuring wheel loaders from throughout the United States in a matter of days. A smaller company may not have been able to locate all this extra equipment, but Copart had more than 120 other locations to pull resources from and relationships built with equipment vendors who could respond to our needs.

Still, there were challenges. Copart had to compete for additional equipment and supplies with FEMA, who was gobbling up everything for their relief effort. That meant our Equipment and Safety team had to be creative as obvious sources for supplies had already been tapped dry.

For example, FEMA had purchased every trailer in the entire area, and we still needed more trailers for our employees. We had to go to small towns, sometimes several states away, to find them and then make arrangements to transport them at an additional cost. Equipment and Safety's Paul Stevenson played a huge part in shuttling new trailers from Dallas suppliers to CAT yards.

“The total organization had to be engaged. The contributions were big from everywhere, from marketing to operations, from MIS to Fleet. Absolutely everyone had to pull together to accomplish what we

did. This was bigger than anything we had encountered before. But we knew we could handle it. It just took that many people – people who were committed to making it happen.”

– Russ Lowy,

Senior VP of Operations.

If anyone was driving outside of the affected area, they would also pick up whatever they could. Long went home for a day and brought back 15 coolers filled with meat and ice. Employees would share gasoline and other supplies.

The need for supplies and equipment became even more critical when Copart leased a 180-acre pasture in Gulfport, Miss. and built a new yard from the ground up.

This wasn't a typical expansion. We had to get Gulfport up and running quickly to meet the extra capacity needs of our customers, and we had to arrange everything from power to water, to communications and office space, in a place where just finding a tank of gas or a meal was a chore.

Long took whatever portable generators he could find and headed to Gulfport to begin the process. His first night there, he and others began marking off rows to receive cars, and the very next day vehicles that were overflowing from the Baton Rouge yard began arriving.

Copart made a commitment to hire as many people from the local area as we could to work in

Gulfport in an effort to help an economy brought to a standstill by the storm. But we still relied on CAT team volunteers who were already trained to get this new yard humming.

Teams would rotate in and out for 30 day intervals, sometimes longer.

That meant more trailers had to be brought in since there were no hotels open. Our equipment and safety department found a tanker truck we could rent and employees made up to three runs a day to fill it up with water so they could shower. Forty-foot milk trailers were also purchased just to store water. Meanwhile, Long worked with officials from the water and electric companies and eventually got regular

service to the yard, bypassing the three to five month wait for new permits.

When the winter rains came, and the pasture turned to mud, we had to ship in rock and sand by barge to keep the ground stable and allow us to move cars in and out. As the operation grew, we had to buy traditional Caterpillar bulldozers and equip them with car handling forks to move vehicles. We also purchased four-wheel drive mules just so people could drive through the acres of cars to mark or locate them. To maintain access roads to the site, we procured drum rollers and additional support tractors.

Nothing was easy at Gulfport. The only store open – a super store – was at 60 percent capacity and armed guards had to be posted to make sure desperate people looking for supplies did not get out of hand. There was a three to six hour wait there, and some of our employees' only job was to wait there. Each customer was only allowed one shopping cart full of items, so several CAT workers had to go at once.

Pallets of drinking water were purchased and brought in. Food and barbecues were acquired because no restaurants nearby were open. Everything from portable toilets to ice had to be found.

Our insurance partners also needed office space, so we had more trailers converted into work stations for them.

Gulfport took on a life of its own. When we realized there were not enough local tow trucks to take care of all the cars, we called in sub haulers from other parts of the country. They also needed trailers, food, water and support. All of a sudden we had a city of trailers.

Living conditions were dirty and noisy from an endless line of cars and tow trucks. Hours were long, and there were no days off. Still, people made the best of it. Spouses of vendors and employees began helping workers by cooking, doing laundry or bring-

“Copart led a fantastic recovery effort. We have built relationships and a reputation from this. Our true character was revealed.”

– Jim White,
Regional Manager

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to hire as many people from the
local area as we could to work
in Gulfport in an effort
to help an economy brought to a
standstill by the storm



5,400 VEHICLES SOLD IN 1 MONTH FROM 1 YARD

ing in supplies when they could. At night, everyone would gather for a giant barbecue that took on almost a festive air – one that comes from people sharing a great challenge or accomplishment.

Gulfport became the biggest salvage facility ever in the United States. This 180-acre pasture that once was the home of 60 cows took in as many as 800 cars per day and stored almost 30,000 vehicles. In June of 2006 Gulfport sold 5,400 cars – the most vehicles ever sold in a month at a single facility in Copart's history.

There's change-centric, and then there's this

Copart has always been a change-centric company, adapting to the needs of our customers at a rapid pace.

But in the aftermath of Katrina, change-centric seemed an inadequate way to describe the creativity and flexibility needed for us to overcome a variety of challenges thrown our way.

Communications and technology were road blocks we managed to remove thanks to the cooperative effort of a top-tiered MIS team who wasn't afraid to think outside the box.

When Gulfport was first formed in that remote field, there were no Internet or communication lines to speak of. Employees communicated by cell phone and used lap tops working off of cell phone towers to try to get the job done. But damage to many cell phone towers, combined with limited capacity made this form of communications spotty at best. The area was also still in emergency mode, meaning communications companies were only doing repair work and refused to install any new lines. Gulfport employees resorted to taking electronic pictures of incoming

vehicles and mailing the memory sticks to other yards to process.

Server and Network Manager Jerry Gilreath was determined to figure out a way for the yard to communicate with the home office and make Gulfport work normally from a communications standpoint. Gilreath used his extensive knowledge of network and Internet systems to locate a wireless Internet company close to the Gulfport facility and devise a way to bring that service a half mile further into the Gulfport yard.

Operations Manager Rick Cassell flew to Gulfport with Gilreath's solution and negotiated with the owner of the service. In exchange for the owner's help to put our plan in motion, Copart offered to buy him a brand new set of tires for his truck which was damaged in the storm. The owner agreed and Cassell mounted a device Gilreath had engineered on top of one of the yard's trailers to tap into his service. We had our connection to the Internet, and now we could use our systems to make the yard work.

The MIS team had other challenges too, from networking printers so that Gulfport could process paperwork, to keeping connections secure and adding more capacity as the workload at these yards grew.

When Copart added another hurricane yard at an old, 218-acre flea market we purchased in Livingston, Louisiana, MIS Security Manager Bill Dougherty found an RV park across the street and worked out a deal with them to extend their Internet connection to the site using the same invention Gilreath had made work in Gulfport.

There was also a great deal of red tape that came in the aftermath of the storm. For example, the state of Louisiana decided that only in-state licensed towing companies could be used in the clean-up effort,



Gulfport became the biggest salvage facility ever in the United States.

Many people had to be called
for weeks, sometimes months,
before we could reach them.



despite the fact there wasn't nearly enough of them to get the job done. Copart's legal department was able to help draft an emergency executive order and convince Louisiana Gov. Kathleen Babineaux Blanco that it was in the state's best interest for us to be able to use out-of-state towing companies to expedite the clean-up efforts. She signed the order that enabled out-of-state tow companies to obtain temporary tow licenses on an expedited basis, which helped speed the pick up of many vehicles. We then conducted a nationwide search and called in tow truck drivers from all over the United States and paid them bonuses for the risk involved in going into these areas. Copart worked with other state and local governmental representatives in the disaster area who helped us advance our clean-up effort as well.

The extent of the devastation also meant that Copart had to change the way we did some of our business. Normally Copart picks up cars from a tow station, not at the scene of an accident. But due to the devastation Katrina caused we had to extend our services to recovering vehicles too.

The first step was talking to the owners of these vehicles to get an idea of where their cars might be. That posed several challenges. The first was just handling the amount of people we had to call. We expanded our Network at our corporate headquarters in California so that we could handle assignments seven days a week. We also provided special training for our Network team on how to talk to people affected by the hurricane who had lost their property, and perhaps a lot more. Many of these people had not talked to anyone outside of family and were still shaken by the storm. We wanted to make sure we listened to them.

We had many heroes in Network who provided comfort to victims of the storm and made sure that when they had so much else to worry about, they didn't have to worry about Copart doing its job. They

serviced our customers, and our customers' customers, with dignity and efficiency.

We also gave every single one of our yards a list of calls for release to help mitigate the volume. Each morning, all of our locations would divide up as many as 800 pages of calls to try to get information on where we could pick up cars.

A lot of people were difficult to reach because they didn't have phones, their phones didn't work, or they had fled to somewhere else. Many people had to be called for weeks, sometimes months, before we could reach them.

Another problem was that cars were often not where people thought they might be, and even if they were, they were hard to find. Cars floated away, were blown away, or were lost in piles of debris. We had to give tow companies 20 orders

at a time with the idea they would probably only be able to find two. There were lots of cars in canals, under houses, on top of houses, and even in houses that we didn't find at first. Sometimes, when we were given an address, we couldn't even locate the address because there were no street signs, no homes left, nothing to identify where it may be.

New Orleans General Manager Bobby Ashford and Regional Manager Jim White climbed on roofs to locate cars for some of our customers. Other employees like Mark Lewis, the yard manager at the New Orleans yard, went to Interstate overpasses where cars were being abandoned by tow companies that were just trying to get them out of the way. Employees like Lewis would have lists of missing vehicles, and try to match them up with the cars being dumped there. It was a tedious, time-consuming process.

"We did whatever it took and that's what our customers wanted. They didn't want excuses, they wanted solutions, and we gave them solutions. I have heard from our customers that no other company except us could have accomplished what we accomplished."

**- Keith Duty,
VP of Marketing**

Once we started getting the cars picked up, titles started rolling in. Our hurricane yards, which were already overwhelmed with work, just didn't have the resources to process and clear these titles.

Gayle Mooney, Copart's VP of Quality Assurance, helped create a centralized clearinghouse for all the hurricane titles at corporate headquarters in California.

We hired new title clerks and turned our training room at corporate into a title assembly line. Yards would mail the titles to corporate, where they were sorted into bins representing each yard. Reno Sovereigns was a Copart hero who worked 60 hour weeks helping the title room run efficiently. When title duties finally returned to the yards, she also worked to make sure the transition ran smoothly and customers didn't notice as much as a hiccup.

"We learned a lot, but mostly we learned that in a crisis it takes good leadership and good people. We found out just how many devoted, good people we have at Copart. It was an amazing experience just to see people put their personal issues aside and really pull together as a team to do the job."

**- Jim Long,
Equipment and Safety.**

Copart also had to provide extra services once the cars were located. Some insurance companies made the decision to crush all vehicles regardless of their condition if they were found in certain areas of New Orleans. That meant Copart had to administer a crushing process on site for them. Our customers knew we would have the means and the integrity to make sure the cars that should be crushed, were. We went through a series of check and balances for them, including taking photos during all the crushing stages, to ensure their needs were met.

Most hurricane cars sat in our yard much longer than normal as our company navigated the red tape and waited for the DMV to process salvage titles.

Lessons learned, heroes made

Hurricane Katrina was the single most catastrophic natural disaster in U.S. history, leaving a wake of destruction stretching 90,000 square-miles - about the size of Great Britain - and generating 99 million cubic yards of debris.

More than a year later, the clean-up continues, and Copart is still part of those efforts. About 300,000 cars were destroyed by Katrina, with Copart playing a major role in recovery and clean-up. Our efforts also helped other people get into these areas and continue the recovery work.

Our experience with Katrina has taught us even more about ourselves and has made us smarter and better able to respond to future catastrophes.

Since Katrina, we have created a more comprehensive catastrophe plan that outlines procedures for all areas of the company about what needs to be done before, during and after disastrous events ranging from hurricanes to floods, earthquakes to fires.

We've also built a CAT trailer with satellite communications capacity to get even the most remote area up and running immediately after a disaster with phone, intranet and Internet ability.

To assure we keep up the exceptional leadership of the company in the future, we deployed 50 general manager trainees into Gulfport and taught them how to work a catastrophe yard. They now make up a pool of experience we can draw from in future disasters.

We are infinitely proud of what we have accomplished as a company. A company without strong management or a company culture like ours would not have been able to marshal the response we did for our customers. A company without VB², our online sales technology, would likely have been unable to sell the extra cars in the time we did to a network of worldwide buyers when the storm made it impos-



About 300,000 cars were destroyed
by Katrina, with Copart playing a
major role in recovery
and clean-up.

sible for buyers to visit the yards themselves. A company with fewer financial and physical resources would not have been able to absorb the costs associated with a storm this devastating. We truly proved ourselves to be "A Bid Above The Rest."

In new equipment alone, the company purchased loaders, fork sets, mules, generators, camper trailers, carpet water extractors, oil extractors, pressure washers, axle wash trailers ... well, you get the picture. Our towing costs doubled and tripled in some cases. Employees were paid bonuses, overtime, per diems and living expenses for the sacrifices they made.

Why did we choose to take on these expenses ourselves instead of passing them onto our customers? Because it was the right thing to do. Because at the end of the day, we have a hard time saying "no" to our customers. We do not view ourselves simply as a vendor. We are a business partner.

To prove it, we went so far as to lease part of our new Livingston yard to our competitor so they would have a place to store vehicles. Some of our customers were also their customers so we did what was necessary to help them sell their vehicles.



We feel that the costs we absorbed will pay off in the future. When another catastrophe hits, our customers know without reservation we will see them through – we will heed their call for help. That's a value they can't afford to do without.

Hurricane Katrina was a horrific catastrophic event that will forever remain in the hearts and minds of the people who lived through it. It tested the strength of our nation and of Americans as a whole. As with any tragedy, it brought out the best and worst in people. It is the best – the heroes - we want to remember. Because it is the heroes that give us hope – the neighbors who shared precious drinking water even though they didn't know when more would come, the volunteers who risked their lives to go into the devastation and help rescue people from their rooftops.

We are proud that Katrina also brought out the best in Copart. Everyone at this company, from our corporate support teams, to our volunteer CAT workers, to our executive management, did small hero-like things in the wake of Katrina that in turn made Copart a big hero to our customers.

This year, we proved what kind of company Copart really is: We are a company that can do anything. We are a company that will do the right thing, even when it seems impossible.

Why? Because we are a company of heroes.

If we can accomplish such heroic things in the aftermath and chaos of the worst natural disaster in American History, just think of what we can accomplish now that the storm is over.

We would like to thank all of our employees, customers, and shareholders and we look forward to a terrific year in 2007.

A handwritten signature in black ink, appearing to read "A. Jayson Adair".

A. Jayson Adair
President

A handwritten signature in black ink, appearing to read "Willis J. Johnson".

Willis J. Johnson
Chief Executive Officer

Hundreds of Copart employees heeded the CAT call. They are all our heroes.

Jaime Vera	Sheri Vega	Debbie Johnson	Melissa Hunter	Luis Barthel	James Brown	April Brock
Jim Powell	Terry Kapple	Diana Shrum	Randy Lamm	Jean Nichols	Nathan Brothers	Katrina Courtney
Sai (Danny) Moua	Toni Heble	George Allison	Rick Sewell	Aaron O'Neal	Jeff Stuart	Mariah Sisco
Greg Mainello	Barbara Taylor	Kim Tammaro	Tonya Rhodes	Greg Root	Mark Gilbert	Anthony Pantaleon
Alfred Godoy	Mike Friedman	Lance Schlemmer	William Rivenbark	Michelle Moreno	Avery Kennedy	Kris Brewer
Elena Medina	Denise Loyd	Rebecca Shoaff	Ashleigh Hubbell	Monique Duron	Tammy Mills	Antoine Darden
Maria Figueroa	Isaac Martinez	Valarie Shablesky	Broderick Fulton	Christina Morales	Brian Hamm	Don Purdy
Carlos Gamboa	Jason Walsh	Billy Gallagher	Claudia Joge	Enrique Martinez	Crystal Brooks	Tammy Walraven
Dan Dinkins	Tina White	Chad Moore	Inger Murray	Juan Cortez	Melanie Davis	Lynn Ryhter
Jesse Perez	Brad Randall	Jamie Tackett	Laura Vargas	Mary Ann Silva	Mike Allen	Dan Smosney
Stephen DeLeon	Brian McNeill	Therese Burris	David Lane	Randy Rodriguez	Peter Walker	Joel Bolender
Dori Grecu	Chris Donais	Brian Orr	Anderson Skinner	Carlos Carretero	Wayne Kountis	Caleb Noe
Jim Baker	Dan Machuga	Eric Pershbach	Ron Wheeler	Chris Capps	Lee Martin	Ken Colon
Lee Villasana	Dominic Nesta	Danyelle Rogers	Tommy Bruner	Robert Mooneyham	Sylvia (Diane)	John Cox
Melita New	Eddie Rosado	James Saxton	Daniel Salcedo	Roy Spears	Ensminger	Dale Makin
Michael Ortiz	Edna Velasques	Kevin Ledder	Oswaldo Cinco	Angie Thomas	Erin Damme	Gloria Smith
Vicki Reynolds	Monique Walton	Ryan Collazo	Chris Himmelman	Donnell Loney	James Wilson	Joel Agee
Michael Beathard	Paul Nelson	Kevin Parker	Chris Paul	Susan Spiller	Karen Stokes	Mari Pitts
Randy Hambrick	Rich Kruk	Roger Yeager	Keith Benson	Hope (Esperanza)	Lia Hernandez	Jolene Marques
Cynthia Robins	Steve Powers	Wendy Daniels	Nicole Couldry	Ross	Michael	Shay Sypnieski
Shannon Stewart	Cherie Hargrove	Jason Cole	Paul Mikulencak	James Martin	Montgomery	Mike Carson
Albin Shulin	Charles Fay	Mike Kroll	Eric Guthrie	Pari Pearson	Damon Burton	Tom Smith
Christie Nicholson	Jenn Delameter	Natalie Epifanio	Donna Lutgen	Miranda Holloway	Becky Prather	Loran Kelley
Joyce Benedict	Larkin Rood	Pat Kapinski	Jeff Devansconcelo	Marlen Moore	Carlos Licon	Larry Stripling
Matt Kendall	Mike Cook	Ryan Lamb	Barry Scott	Noreen Coryell	Derek Jones	Rick Shafer
Vance Burdett	Harley HOLETON	Trent Hoban	Brian Sell	Cesilia Watkins	Alfredo Solis	Stu Sweatman
Horacio Recio	Harley Miller	Brandi Krause	Claxton Ward	David Ramos	Brad Lintthicun	Jason Blenkush
David Hober	Jamie Miley	Kim Edwards	Jose Martinez	Deirdre Westbrook	Jackie Taylor	Bill Dougherty
Paul Puglisi	Jan Paxson	Sam Wurz	Lisa Bass	Patty Gomez	Janet James	Nina Govan
Charles Badillo	Keith Bieber	Bryan Griffith	Oriente Blevins	Abe Parham	Chris Winstead	Billie Joy Sheps
Kay Palmer	Phil Weber	Mark Nauman	Paul Petoletti	Michael Gilcrese	Dustin Nase	Jamie O'Reilly
Michael Priest	Carol Rainville	Matthew Evrard	Sharon Newton	Tyra Nakai	Gerry Faries	Paul Stevenson
Pabla Hernandez	Charles Russell	Abby Matthews	Mike Bishop	Emily Forbes	Jamie Adams	Thad Rodgers
Rickey Carter	Marlene Gonzales	Dana Ostroska	Andy Lowe	Robert Borak	Mari Lynn Osburn	Jim Long
Sonny Barnes	Scott Griffin	David Williams	June Johnson	Sheri Casolari	Shannon Allison	Robert Polidori
Teresa Morrison	Shawn Tevis	Dawn Ridenhour	Oscar Para	Crystal Quarles	Travis Kroetch	Gary McNair
Julie Alspach	Ben Kaskalavich	Hope Ribar	Ericka Lara	Ron Setliff	Jennifer Wesner	Joe O'Leary
Rachel Fashing	Carrie Houk	James Overcash	Isabel Gomez	Jackie Glover	Sherry Whitaker	Rick Cassell
Sami Ramsey	Corey Veras	Jeannie Dunlap	Jesse Colmenero	Bob Weller	Tammy Jolly	Jerry Gilreath

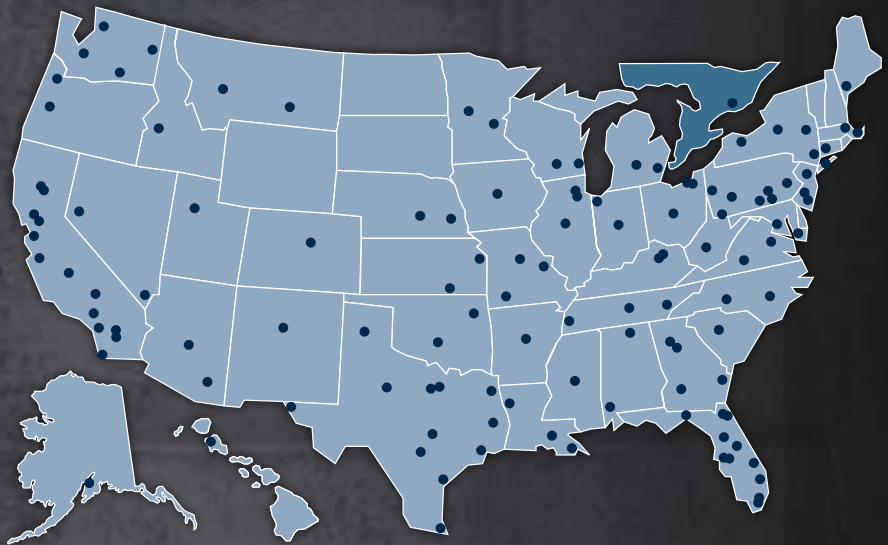


Current Facilities

Copart

Anchorage, AK
 Huntsville, AL
 Mobile, AL
 Phoenix, AZ
 Tucson, AZ
 Little Rock, AR
 Bakersfield, CA
 Colton, CA
 Fresno, CA
 Hayward, CA
 Los Angeles, CA
 Martinez, CA
 Rancho Cucamonga, CA
 Sacramento, CA
 San Diego, CA
 San Jose, CA
 South Sacramento, CA
 Vallejo, CA
 Van Nuys, CA
 Toronto, CANADA
 Denver, CO
 Hartford, CT
 Dover, FL
 Fort Pierce, FL
 Hialeah, FL
 Jacksonville East, FL
 Jacksonville West, FL
 Miami, FL
 Ocala, FL
 Orlando, FL
 Tallahassee, FL

Tampa, FL
 West Palm Beach, FL
 Atlanta, GA
 Loganville, GA
 Savannah, GA
 Tifton, GA
 Honolulu, HI
 Boise, ID
 Chicago, IL
 Chicago Heights, IL
 Peoria, IL
 Hammond, IN
 Indianapolis, IN
 Des Moines, IA
 Kansas City, KS
 Wichita, KS
 Lawrenceburg, KY
 Lexington, KY
 Baton Rouge, LA
 New Orleans, LA
 Shreveport, LA
 Lyman, ME
 Salisbury, MD
 Waldorf, MD
 Boston, MA
 North Boston, MA
 Detroit, MI
 Lansing, MI
 Minneapolis, MN
 Saint Cloud, MN
 Jackson, MS

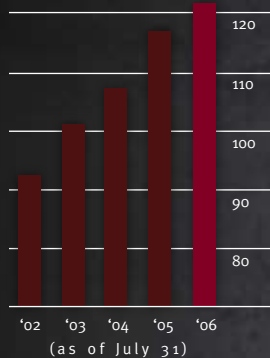


Columbia, MO
 Saint Louis, MO
 Springfield, MO
 Billings, MT
 Helena, MT
 Grand Island, NE
 Lincoln, NE
 Las Vegas, NV
 Reno, NV
 Glassboro, NJ
 Glassboro West, NJ
 Hillsborough, NJ
 Albuquerque, NM
 Albany, NY
 Long Island, NY
 Marlboro, NY
 Rochester, NY
 Syracuse, NY
 China Grove, NC
 Raleigh, NC
 Cleveland, OH

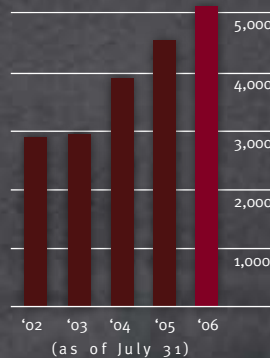
Columbus, OH
 Strongsville, OH
 Oklahoma City, OK
 Tulsa, OK
 Eugene, OR
 Portland, OR
 Altoona, PA
 Chambersburg, PA
 Harrisburg, PA
 Pennsburg, PA
 Pittsburgh North, PA
 Pittsburgh South, PA
 York Haven, PA
 Columbia, SC
 Knoxville, TN
 Memphis, TN
 Nashville, TN
 Abilene, TX
 Amarillo, TX
 Austin, TX
 Corpus Christi, TX

Dallas, TX
 El Paso, TX
 Fort Worth, TX
 Houston, TX
 Longview, TX
 Lufkin, TX
 McAllen, TX
 San Antonio, TX
 North Salt Lake, UT
 Danville, VA
 Richmond, VA
 Graham, WA
 North Seattle, WA
 Pasco, WA
 Spokane, WA
 Charleston, WV
 Madison, WI
 Milwaukee, WI

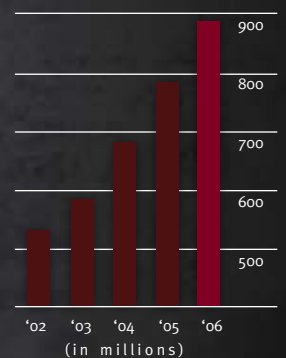
facilities



acres



total assets



Board of Directors

Board of Directors

Willis J. Johnson

Chairman and Chief
Executive Officer
Copart, Inc.

A. Jayson Adair

President
Copart, Inc.

Steven Cohan

Chief Executive Officer
Loard's Ice Cream

Harold Blumenstein

General Partner
Paragon Properties

James Grosfeld

Private Investor

James E. Meeks

Executive Vice President
and Chief Operating Officer
Copart, Inc.

Jonathan Vannini

Private Investor

Daniel Englander

Managing Partner
Ursula Investors

Executive Officers

Willis J. Johnson

Chairman and Chief
Executive Officer

A. Jayson Adair

President

James E. Meeks

Executive Vice President
and Chief Operating Officer

Paul A. Styer

Senior Vice President,
General Counsel and
Secretary

William E. Franklin

Senior Vice President of
Finance and Chief Financial
Officer

Vincent W. Mitz

Senior Vice President of
Marketing

David L. Bauer

Senior Vice President
and Chief Information
Officer

Russell D. Lowy

Senior Vice President of
Operations

Thomas E. Wylie

Senior Vice President of
Human Resources

Simon E. Rote

Vice President of Finance

Corporate Counsel

Wilson Sonsini Goodrich and Rosati, P.C.

Palo Alto, California

Independent Registered Public Accounting Firm

Ernst & Young LLP

Sacramento, California

Corporate Headquarters

Copart, Inc.

4665 Business Center Drive
Fairfield, California 94534
707.639.5000

Market Price and Distributions

The following table summarizes the high and low sales prices per share of the Company's Common Stock for each quarter during the last two fiscal years. As of July 31, 2006, there were 90,445,208 shares outstanding. The Company's Common Stock has been quoted on the Nasdaq under the symbol CPRT since March 17, 1994. As of July 31, 2006, the Company had 1,521 shareholders of record.

	HIGH	LOW
2006		
Fourth Quarter	27.92	23.51
Third Quarter	27.86	24.70
Second Quarter	25.80	21.14
First Quarter	25.50	22.00
2005		
Fourth Quarter	26.21	21.65
Third Quarter	25.99	21.00
Second Quarter	27.33	18.40
First Quarter	23.40	17.70

Form 10-K

The Company will provide, without charge to each Shareholder, upon written request a copy of its Form 10-K as required to be filed with the Securities & Exchange Commission pursuant to rule 13a-1, under the Securities Exchange Act of 1934. Your written request should be directed to: Chief Financial Officer, Copart, Inc.

Annual Meeting

The Annual Meeting of Shareholders will be held at 4665 Business Center Drive, Fairfield, California 94534 at 9:00 a.m., December 18, 2006.



copart

4665 Business Center Drive
Fairfield, California 94534

707.639.5000

copart.com

Copart's temporary Gulfport facility, born out of demands brought on by Hurricane Katrina, ended up being the largest salvage facility in North America, storing almost 30,000 cars.