MERCADOLIBRE INC
Form DEF 14A
April 26, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a- 6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

MercadoLibre, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Arias 3751, 7th Floor

Buenos Aires, Argentina C1430CRG

April 26, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of MercadoLibre, Inc., which will be held at 12:00 p.m., Eastern time, on Thursday, June 14, 2012, at the offices of Hunton & Williams LLP, 1111 Brickell Avenue, Suite 2500, Miami, Florida.

We are pleased to use the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to their stockholders primarily over the Internet. We believe that this electronic process should expedite your receipt of our proxy materials, lower the costs of our Annual Meeting, and help to conserve natural resources. On or about April 26, 2012, we first mailed to our stockholders a Notice of Internet Availability containing instructions on how to access our 2012 Proxy Statement and Annual Report and vote. The notice also included instructions on how to receive a paper copy of our proxy materials, including the proxy statement, proxy card and 2011 Annual Report.

Thank you, and we look forward to your attendance at the 2012 Annual Meeting of Stockholders or receiving your proxy vote. On behalf of the board of directors, I would like to express our appreciation for your continued interest in MercadoLibre.

Sincerely yours,

/s/ Marcos Galperin

Marcos Galperin

Chairman of the Board, President and Chief Executive Officer

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Arias 3751, 7th Floor

Buenos Aires, Argentina C1430CRG

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 14, 2012

To Our Stockholders:

Notice is hereby given that the 2012 Annual Meeting of Stockholders of MercadoLibre, Inc. (the 2012 Annual Meeting) will be held at 12:00 p.m., Eastern time, on June 14, 2012, at the offices of Hunton & Williams LLP, 1111 Brickell Avenue, Suite 2500, Miami, Florida. The meeting is called for the following purposes:

1. To elect the two Class II directors nominated and recommended by our board of directors, each to serve until the 2015 Annual Meeting of Stockholders or until such time as their respective successors are elected and qualified, and to elect the Class I director nominated and recommended by our board to serve until the 2014 Annual Meeting of Stockholders or until such time as her successor is elected and qualified;

2. To hold an advisory vote on executive compensation;

3. To ratify the appointment of Deloitte & Co. S.R.L. as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and

4. To transact such other business as may properly come before the meeting.

Our board of directors has fixed the close of business on April 20, 2012 as the record date for determining the stockholders entitled to notice of and to vote at the 2012 Annual Meeting. Only stockholders of record as of the close of business on April 20, 2012 are entitled to notice of and to vote at the 2012 Annual Meeting and at any adjournment or postponement thereof. We ask that as promptly as possible you vote via the Internet, by telephone or, if you requested to receive printed proxy materials, by mailing a proxy or voting instruction card.

This is an important meeting and all stockholders are invited to attend the meeting in person. Whether or not you plan to attend the meeting in person, please vote according to the instructions in this proxy statement. Voting on the Internet or by telephone is fast and convenient, and your vote is immediately confirmed and tabulated. Using the Internet or telephone saves us money by reducing postage and proxy tabulation costs. Stockholders who vote via Internet, telephone or by executing and returning a proxy card may nevertheless attend the meeting, revoke their proxy and vote their shares in person.

By order of the board of directors,

/s/ Jacobo Cohen Imach

Jacobo Cohen Imach

Vice President, General Counsel and Secretary

Buenos Aires, Argentina

April 26, 2012

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Important Notice Regarding the Availability of Proxy Materials for the 2012 Annual Meeting. The Notice of Meeting and Proxy Statement for the 2012 Annual Meeting and our 2011 Annual Report to Stockholders are available electronically at *www.proxyvote.com*.

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MercadoLibre, Inc.

Arias 3751, 7th Floor

Buenos Aires, Argentina C1430CRG

PROXY STATEMENT

INTERNET AVAILABILITY OF PROXY MATERIALS

Under U.S. Securities and Exchange Commission (SEC) rules, we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. On or about April 26, 2012 we first mailed to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability containing instructions on how to access our proxy materials, including our proxy statement and our 2011 Annual Report. The Notice of Internet Availability also instructs you on how to access your proxy card to vote through the Internet or by telephone.

This process is designed to expedite stockholders receipt of proxy materials, lower the cost of the annual meeting, and help conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

ATTENDING THE 2012 ANNUAL MEETING

Attending in Person

Doors open 11:30 a.m., Eastern time

Annual Meeting starts at 12:00 p.m., Eastern time

If you wish to attend the 2012 Annual Meeting in person, please register in advance by emailing investor relations at *investor@mercadolibre.com*. Attendance at the 2012 Annual Meeting will be limited to individuals that register in advance and present proof of stock ownership on the record date and picture identification. If you are a stockholder of record, you must bring picture identification, such as a valid driver s license. If you hold your shares through a stockbroker or other nominee, you will need to provide proof of ownership by bringing either a copy of the voting instruction card provided by your broker or a copy of a brokerage statement showing your share ownership as of April 20, 2012, as well as picture identification

No use of cameras

You do not need to attend the 2012 Annual Meeting to vote if you submitted your proxy in advance of the 2012 Annual Meeting

Listening on the Internet

Live webcast available at *http://investor.mercadolibre.com*

Webcast starts at 12:00 p.m., Eastern time

Replay available until July 13, 2012

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QUESTIONS

For questions regarding:	**You may contact:**
2012 Annual Meeting	MercadoLibre Investor Relations by going to *http://investor.mercadolibre.com/contactus.cfm* and submitting your question or request
Voting Stock Ownership	BNY Mellon Shareowner Services 480 Washington Boulevard Jersey City, New Jersey 07310-1900 Telephone: 1-888-313-1478 (U.S. investors) 201-680-6578 (Non-U.S. investors) Web: *www.bnymellon.com/shareowner/isd*

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QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND

OUR 2012 ANNUAL MEETING

Q: Why am I receiving these materials?

A: Our board of directors is providing these proxy materials to you in connection with our board s solicitation of proxies for use at our 2012 Annual Meeting of Stockholders (the 2012 Annual Meeting), which will take place on June 14, 2012. Stockholders are invited to attend the 2012 Annual Meeting and are requested to vote on the proposals described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the 2012 Annual Meeting, the voting process, the compensation of our directors and our named executive officers, and certain other required information.

Q: Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

A: In accordance with SEC rules, we may furnish proxy materials, including this proxy statement and our 2011 Annual Report, which includes our audited consolidated financial statements for the year ended December 31, 2011, to our stockholders by providing access to these documents on the Internet instead of mailing printed copies. On or about April 26, 2012 we first mailed to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability containing instructions on how to access our proxy materials, including our proxy statement and our 2011 Annual Report. The Notice of Internet Availability also instructs you on how to access your proxy card to vote through the Internet, by telephone or by mail. You will not receive printed copies of the proxy materials unless you request them. Instead, the Notice of Internet Availability will instruct you as to how you may access and review all of the proxy materials on the Internet. If you would like to receive a paper or electronic copy of our proxy materials, including a copy of our 2011 Annual Report, you should follow the instructions in the notice for requesting these materials.

Q: How do I get electronic access to the proxy materials?

A: The Notice of Internet Availability will provide you with instructions regarding how to:

- view our proxy materials for the 2012 Annual Meeting on the Internet; and

- instruct us to send our future proxy materials to you electronically by e-mail.

Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you and will reduce the impact of printing and mailing these materials on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Q: What proposals will be voted on at the 2012 Annual Meeting?

A: There are three proposals scheduled for a vote at the 2012 Annual Meeting:

- the election of the two Class II directors nominated and recommended by our board, each to serve until the 2015 Annual Meeting of Stockholders or until such time as their respective successors are elected and qualified, and the election of the Class I director nominated and recommended by our board to serve until the 2014 Annual Meeting of Stockholders or until such time as her successor is elected and qualified;

- an advisory vote on executive compensation; and

- the ratification of the appointment of Deloitte & Co. S.R.L. as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

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Q: What are our board s voting recommendations?

A: Our board recommends that you vote your shares:

FOR the election of the two Class II directors nominated and recommended by our board;

FOR the election of the one Class I director nominated and recommended by our board;

FOR the approval of our executive compensation; and

FOR the ratification of the appointment of Deloitte & Co. S.R.L. as our independent registered public accounting firm for 2012.

Q: How many shares are entitled to vote?

A: Each share of our common stock outstanding as of the close of business on April 20, 2012, the record date, is entitled to one vote at the 2012 Annual Meeting. At the close of business on April 20, 2012, 44,147,120 shares of our common stock were outstanding and entitled to vote. You may vote all of the shares owned by you as of the close of business on the record date and each share of common stock held by you on the record date represents one vote. These shares include shares that are (1) held of record directly in your name and (2) held for you as the beneficial owner through a stockbroker, bank or other nominee.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most stockholders of MercadoLibre hold their shares beneficially through a stockbroker, bank or other nominee rather than directly in their own name. There are some distinctions between shares held of record and shares owned beneficially, specifically:

Shares held of record

If your shares are registered directly in your name with our transfer agent, BNY Mellon Shareowner Services, you are considered the stockholder of record with respect to those shares, and the Notice of Internet Availability was sent directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the 2012 Annual Meeting. If you requested to receive printed proxy materials, we have enclosed or sent a proxy card for you to use. Each stockholder of record is entitled to vote by proxy as described in the Notice of Internet Availability and below under the heading How can I vote my shares without attending the 2012 Annual Meeting?

Shares owned beneficially

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and the Notice of Internet Availability was forwarded to you by your broker or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner or nominee, you have the right to direct your broker or other nominee on how to vote the shares in your account, and you are also invited to attend the 2012 Annual Meeting.

However, because you are not the stockholder of record, you may not vote these shares in person at the 2012 Annual Meeting unless you request and receive a valid proxy from your broker or other nominee. If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy as described in the Notice of Internet Availability and below under the heading How can I vote my shares without attending the 2012 Annual Meeting?

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Q: Can I attend the 2012 Annual Meeting?

A: You are invited to attend the 2012 Annual Meeting if you are a stockholder of record or a beneficial owner as of April 20, 2012. If you wish to attend the 2012 Annual Meeting in person, please register in advance by emailing investor relations at *investor@mercadolibre.com*. Attendance at the 2012 Annual Meeting will be limited to individuals that register in advance and present proof of stock ownership on the record date and picture identification. If you are a stockholder of record, you must bring picture identification, such as a valid driver s license. If you hold your shares through a stockbroker or other nominee, you will need to provide proof of ownership by bringing either a copy of the voting instruction card provided by your broker or a copy of a brokerage statement showing your share ownership as of April 20, 2012, as well as picture identification. If you do not attend the 2012 Annual Meeting, you can listen to a live webcast of the proceedings at our investor relations website at *http://investor.mercadolibre.com*.

Q: How can I vote my shares in person at the 2012 Annual Meeting?

A: Shares held directly in your name as the stockholder of record may be voted in person at the 2012 Annual Meeting. If you choose to vote in person, please bring proof of identification. Even if you plan to attend the 2012 Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the 2012 Annual Meeting. Shares held in street name through a brokerage account or by a bank or other nominee may be voted in person by you if you obtain a valid proxy from the record holder giving you the right to vote the shares.

Q: How can I vote my shares without attending the 2012 Annual Meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may vote without attending the 2012 Annual Meeting as follows:

If you are a stockholder of record, you may vote by proxy over the Internet or by telephone by following the instructions provided in the Notice of Internet Availability, or, if you requested to receive printed proxy materials, you can also vote by mail pursuant to instructions provided on the proxy card.

If you hold shares beneficially in street name, you may also vote by proxy over the Internet or by telephone by following the instructions provided in the Notice of Internet Availability, or, if you requested to receive printed proxy materials, you can also vote by mail by following the voting instruction card provided to you by your broker, bank, trustee or nominee.

Under Delaware law, votes cast by Internet or telephone have the same effect as votes cast by submitting a written proxy card.

Q: Can I change my vote or revoke my proxy?

A: If you are the stockholder of record, you may change your proxy instructions or revoke your proxy at any time before your proxy is voted at the 2012 Annual Meeting. Proxies may be revoked by any of the following actions:

filing a timely written notice of revocation with our Corporate Secretary at our principal executive office (Arias 3751, 7th Floor, Buenos Aires, Argentina, C1430CRG);

- granting a new proxy bearing a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method); or

- attending the 2012 Annual Meeting and voting in person (attendance at the meeting will not, by itself, revoke a proxy).

If your shares are held through a brokerage account or by a bank or other nominee, you may change your vote by:

- submitting new voting instructions to your broker, bank, or nominee following the instructions they provided; or

- if you have obtained a legal proxy from your broker, bank, or nominee giving you the right to vote your shares, by attending the 2012 Annual Meeting and voting in person.

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Q: How are votes counted?

A: *Election of two Class II Directors*. In the election of two Class II directors, you may vote for any or all of the nominees for Class II director or you may withhold your vote with respect to any or all of the nominees for Class II director. Only votes for will be counted in determining whether a plurality has been cast in favor of a Class II director.

Election of one Class I Director. In the election of one Class I director, you may vote for the nominee for Class I director or you may withhold your vote with respect to the nominee for Class I director. Only votes for will be counted in determining whether a plurality has been cast in favor of the Class I director.

Advisory Vote on Executive Compensation. In the advisory vote on executive compensation, you may vote for, against or abstain. If you abstain from voting, it will have the same effect as a vote against this proposal.

Ratification of Appointment of Independent Auditor. In the proposal to ratify the appointment of our independent registered public accounting firm for 2012, you may vote for, against or abstain. If you abstain from voting, it will have the same effect as a vote against this proposal.

If you sign and return your proxy card or broker voting instruction card without giving specific voting instructions, your shares will be voted FOR the election of the two Class II directors nominated and recommended by our board and named in this proxy statement, FOR the election of the one Class I director nominated and recommended by our board and named in this proxy statement, FOR approval of our executive compensation, FOR the ratification of the approval of our independent auditors, and at the discretion of the proxies in any other matters properly brought before the 2012 Annual Meeting.

If you are a beneficial holder and do not return a voting instruction card, your broker is only authorized to vote on the ratification of the approval of our independent auditors. See What are broker non-votes and what effect do they have on the proposals?

Q: Who will count the votes?

A: A representative of Hunton & Williams LLP will tabulate the votes at the 2012 Annual Meeting and act as the inspector of elections.

Q: What is the quorum requirement for the 2012 Annual Meeting?

A: The quorum requirement for holding the 2012 Annual Meeting and transacting business is a majority of the outstanding shares entitled to vote. The shares may be present in person or represented by proxy at the 2012 Annual Meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

Q: What is the voting requirement to approve each of the proposals?

A: *Election of two Class II Directors.* Class II directors are elected by plurality vote of the shares present in person or represented by proxy and entitled to vote on the matter, meaning that the two Class II director nominees receiving the highest number of FOR votes will be elected.

Election of one Class I Director. The Class I director will be elected by plurality vote of the shares present in person or represented by proxy and entitled to vote on the matter, meaning that the one Class I director nominee receiving the highest number of FOR votes will be elected.

Advisory Vote on Executive Compensation. The vote of a majority of the shares present in person or represented by proxy is required to approve our executive compensation. This vote is advisory and will not be binding on the company, the board of directors or the compensation committee.

Ratification of Appointment of Independent Auditor. The vote of a majority of the shares present in person or represented by proxy is required to ratify the appointment of our independent registered public accounting firm for 2012.

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Q: What are broker non-votes and what effect do they have on the proposals?

A: Generally, broker non-votes occur when shares held by a broker, bank or other nominee in street name for a beneficial owner are not voted with respect to a particular proposal because (1) the broker, bank or other nominee has not received voting instructions from the beneficial owner and (2) the broker, bank or other nominee lacks discretionary voting power to vote those shares. A broker, bank or other nominee is entitled to vote shares held for a beneficial owner on routine matters without instructions from the beneficial owner of those shares, but is not entitled to vote shares held for a beneficial owner on any non-routine matter without instruction from the beneficial owner. The ratification of the appointment of our independent registered public accounting firm is considered to be a routine matter for which brokers, banks or other nominees holding shares in street name may exercise discretionary voting power in the absence of voting instructions from the beneficial owner. As a result, broker non-votes will not arise in connection with, and thus will have no effect on, this proposal.

Unlike the proposal to ratify the appointment of our independent auditors, the election of directors and the advisory vote on executive compensation are each considered a non-routine matter. As a result, brokers, banks or other nominees holding shares in street name that have not received voting instructions from their clients cannot vote on their clients behalf on these proposals. **Therefore, it is very important that you provide your broker, bank or other nominee who is holding your shares in street name with voting instructions with respect to these proposals in one of the manners set forth in this proxy statement.** Under Delaware law, broker non-votes that arise in connection with the election of directors or the advisory vote on executive compensation votes will have no effect on these proposals.

Q: Where can I find the voting results of the 2012 Annual Meeting?

A: We will announce final voting results in a current report on Form 8-K that will be filed with the SEC within four business days after the 2012 Annual Meeting and that will also be available on our investor relations website at *http://investor.mercadolibre.com*.

Q: Who will bear the cost of soliciting votes for the 2012 Annual Meeting?

A: We will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. If you choose to access the proxy materials and/or vote over the Internet, you are responsible for any Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities.

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PROPOSAL ONE:

ELECTION OF TWO CLASS II DIRECTORS (PROPOSAL 1A) AND

ELECTION OF ONE CLASS I DIRECTOR (PROPOSAL 1B)

Our certificate of incorporation provides for our board to be divided into three classes, with each class having a three-year term. In accordance with our certificate of incorporation and bylaws, the number of directors that constitutes our board of directors is fixed from time to time by a resolution duly adopted by our board. Our board has set the size of the board at eight directors. Information as to the directors currently comprising each class of directors and the current term expiration date of each class of directors is set forth in the following table:

Class	Directors Comprising Class	Current Term Expiration Date
Class I	Susan Segal Michael Spence Mario Eduardo Vázquez	2014 Annual Meeting
Class II	Martín de los Santos Nicolás Galperin	2012 Annual Meeting
Class III	Emiliano Calemzuk Marcos Galperin Veronica Allende Serra	2013 Annual Meeting

A director elected to fill a vacancy (including a vacancy created by an increase in the size of our board) will serve for the remainder of the term of the class of directors in which the vacancy occurred and until his or her successor is elected and qualified, or until his or her earlier death, resignation, or removal. As discussed in greater detail below in Information on our Board of Directors Director Independence and Family Relationships, our Board has determined that six of the eight current members of our board are independent directors within the meaning of the listing standards of The NASDAQ Global Market and our corporate governance guidelines.

The terms of our two Class II directors are set to expire at the 2012 Annual Meeting. The nominating and corporate governance committee recommended, and our board nominated, each of Martín de los Santos and Nicolás Galperin as nominees for re-election as Class II members of our board at the 2012 Annual Meeting (Proposal 1A). If elected at the 2012 Annual Meeting, each of the nominees will serve until our 2015 Annual Meeting of Stockholders and until his successor is duly elected and qualified, or until his earlier death, resignation, or removal.

In addition, Susan Segal was appointed by our board on April 23, 2012 to serve as a Class I director, filling the vacancy created by the resignation of Anton J. Levy from our board effective on the same date. Pursuant to our bylaws, the nominating and corporate governance committee has recommended and our board has nominated, Susan Segal, as nominee for election as a Class I member of our board at the 2012 Annual Meeting (Proposal 1B). If elected at the 2012 Annual Meeting, Ms. Segal will serve until our 2014 Annual Meeting of Stockholders and until her successor is duly elected and qualified or until her earlier death, resignation or removal. Ms. Segal formerly served as a director of our company from 1999 to 2002. Ms. Segal s name as a potential candidate for director was initially submitted to the nominating and corporate governance committee by our chief executive officer.

If any of the nominees is unexpectedly unavailable for election, shares represented by validly delivered proxies will be voted for the election of a substitute nominee proposed by our nominating and corporate governance committee or our board may determine to reduce the size of our board. Each person nominated for election and named above has agreed to serve if elected.

Set forth below is biographical information for the nominees, as well as the key attributes, experience and skills that the board believes each nominee brings to the board.

Nominees for Election as Class II Directors

Martín de los Santos*,* 42, joined our board in January 2008. Mr. de los Santos is the Chief Financial Officer of Vostu.com, a leading social gaming company in Latin America, where he has worked since August 2011. From 1993 to 1995, Mr. de los Santos worked at Goldman Sachs in the Investment Banking Division in New York where he assisted with equity, debt and merger and acquisition transactions for clients in Latin America and Europe. From 1995 to 1997, he worked at McKinsey and Co. where he advised clients in telecom, media, banking, and oil and gas industries, in Argentina, Brazil and Spain. After receiving his MBA from Stanford in 1999, he returned to McKinsey and Co. as an Associate where he advised telecom and media clients in Brazil and Spain. In 1999, he co-founded LID Group, a venture capital firm that invested in small technology companies in Argentina and Brazil. From 2003 to 2011, Mr. de los Santos was Director of Business Development at Corporacion IMPSA (Pescarmona Group of Companies) where he was responsible for merger and acquisition transactions, as well as structured finance transactions. Mr. de los Santos holds an MBA from Stanford University and a BS in business administration from the University of North Carolina at Chapel Hill.

Key Attributes, Experience and Skills:

Mr. de los Santos provides our board with a broad range of corporate finance, mergers and acquisitions, capital markets and specific industry expertise in Latin America, Europe and the United States. His experience as a consultant at McKinsey & Co. contributes significantly to his role as our compensation committee chairman in working with our compensation consultants and developing effective compensation policies, strategies and structures. Similarly, his vast mergers and acquisitions experience as the director of business development at Corporacion IMPSA and formerly at both Goldman Sachs and McKinsey make him a valuable member of our mergers and acquisitions committee. His investment banking and other finance experience lends him a financial sophistication required of our audit committee members.

Nicolás Galperin*,* 42*,* joined our board in 1999. Mr. Galperin is the principal of Onslow Capital Management Limited, an investment management company based in London, where he started working in 2006. Mr. Galperin worked at Morgan Stanley & Co. Incorporated, an investment bank, from 1993 until 2006, as a Managing Director and head of trading and risk management for the London emerging markets trading desk, as well as a trader of high-yield bonds, emerging market bonds and derivatives in New York and London. Mr. Galperin graduated with honors from the Wharton School of the University of Pennsylvania. Mr. Galperin is the brother of Marcos Galperin, our chairman, president and chief executive officer.

Key Attributes, Experience and Skills:

Mr. Galperin s career in investment banking and investment management, including serving in various leadership roles at Morgan Stanley and Onslow Capital Management, provide valuable business experience and critical insights on the roles of finance and strategic transactions in our business. His particular focus on emerging capital markets and his leadership in risk management contribute key skills to our board. Based in London, Mr. Galperin brings experience with both Latin American and European businesses. In addition to this global business point of view, Mr. Galperin s extensive experience in banking and investments includes an understanding of financial statements, corporate finance, accounting and capital markets.

Nominee for Election as Class I Director

Susan Segal, 59, has been president and CEO of the Americas Society and Council of the Americas since 2003, after having worked in the private sector for more than 30 years. Prior to her current position, Ms. Segal was a founding partner of her own investment advisory firm focused primarily on Latin America and the U.S. Hispanic market. Previously, she was a partner and Latin American Group Head at JPMorgan Partners/Chase Capital Partners, where she pioneered early stage venture capital investing in Latin America. Prior to joining Chase Capital Partners, Ms. Segal was a senior managing director focused on Emerging Markets Investment Banking and Capital Markets at Chase Bank and its predecessor banks. She was actively involved in the Latin American debt crisis of the 1980s and early 1990s both chairing and sitting on various advisory committees. Ms. Segal currently serves on various boards and committees, including at the Bank of Nova Scotia/Scotiabank, where she serves as a director and a member of the Audit Committee, the Tinker Foundation and the Latin American Venture Capital Association. She is also a member of the Council of Foreign Relations. In 1999, she was awarded the Order of Bernardo O Higgins Grado de Gran Oficial in Chile and in 2009 President Uribe of Colombia honored her with the Cruz de San Carlos. Ms. Segal received an M.B.A. from Columbia University and a B.A. from Sarah Lawrence College. Ms. Segal previously served as a director of the Company from 1999 to 2002.

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Key Attributes, Experience and Skills:

Ms. Segal s impressive experience includes her background studying the economies of Latin American countries. She is also well-versed in Latin America s prospects for growth, integration, and economic and social development, and she is knowledgeable about economic inclusion, social empowerment, markets, overall business environment, and diversity issues. Her background includes experience in trade, private equity, venture capital, social media, and infrastructure. Ms. Segal s decades of experience in Latin America have enabled her to create an extensive network among Latin America s political and business leaders. Given the increasing political and other challenges involved with doing business across national borders in Latin America, the Committee believes that Ms. Segal s prior experience and extensive knowledge of these affairs qualify her to serve as a director of our company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION

OF THE NOMINEES FOR CLASS II DIRECTOR NAMED ABOVE AND

FOR THE ELECTION OF THE NOMINEE FOR CLASS I DIRECTOR NAMED ABOVE

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INFORMATION ON OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our business is managed by our employees under the direction and oversight of our board. Except for Mr. Marcos Galperin, none of the members of our board is an employee of MercadoLibre. Our board members remain informed of our business through discussions with management, materials we provide to them, and their participation in board and board committee meetings.

We believe open, effective, and accountable corporate governance practices are key to our relationship with our stockholders. Our board has adopted corporate governance guidelines that, along with the charters of our board committees and our code of business conduct and ethics, provide the framework for the governance of our company. A complete copy of our corporate governance guidelines, the charters of our board committees, and our code of business conduct and ethics may be found on our investor relations website at *http://investor.mercadolibre.com.* Information contained on our website is not part of this proxy statement. The board regularly reviews corporate governance developments and modifies these policies as warranted. Any changes in these governance documents will be reflected on the same location of our website.

Board of Directors

The following is biographical information on the remainder of our current directors, as well as the key attributes, experience and skills that the board believes such current directors bring to the board.

Class I Directors

Michael Spence*,* age 68, joined our board in 1999. Mr. Spence is Professor of Economics at the Stern School of Business at New York University, Professor Emeritus of Management in the Graduate School of Business at Stanford University, a senior advisor at Oak Hill Investment Management, a consultant to PIMCO, and a Senior Fellow of the Hoover Institution at Stanford. He served as dean of the Stanford Business School from 1990 to 1999. Dr. Spence was awarded the John Kenneth Galbraith Prize for excellence in teaching and the John Bates Clark medal for a significant contribution to economic thought and knowledge. In 2001, Dr. Spence received the Nobel Prize in Economic Sciences. From 2006 to 2010, Dr. Spence served as chairman of the Commission on Growth and Development. Dr. Spence earned his undergraduate degree in philosophy at Princeton summa cum laude and was selected for a Rhodes Scholarship. He was awarded a BS-MA from Oxford and earned his PhD in economics at Harvard University. He taught at Stanford as an Associate Professor of Economics from 1973 to 1975. From 1975 to 1990, he served as professor of Economics and Business Administration at Harvard, holding a joint appointment in the Business School and the Faculty of Arts and Sciences. In 1983, he was named chairman of the Economics Department and George Gund Professor of Economics and Business Administration. From 1984 to 1990, Dr. Spence served as the Dean of the Faculty of Arts and Sciences at Harvard, overseeing Harvard College, the Graduate School of Arts and Sciences, and the Division of Continuing Education. Since April 2005, Dr. Spence has served on the Board of Genpact Ltd., a NYSE-listed company that focuses on managing business processes, and previously served on the board of General Mills, Inc., from 1992 to 2008. Mr. Spence also serves on the board of a number of private companies. In the past he has served on the boards of Bank of America, Nike Inc., Siebel Systems, Inc., Exult Inc, a human resources company, Torstar Corporation, a publishing company, and Sun Microsystems, Inc.

Key Attributes, Experience and Skills:

Dr. Spence has strong leadership skills, having served as Dean of the Stanford Business School for nine years and the Dean of the Faculty of Arts and Sciences at Harvard for six years. Dr. Spence brings extensive experience in finance, developing country growth and management education. Further, he brings an academic perspective on the economy, business processes and developing markets, which enhances our board s ability to analyze macroeconomic trends that may impact our business. He is a frequent speaker on and leader of global economic policy. Dr. Spence s past service on the boards of major corporations, including General Mills, Bank of America, Nike and Sun Microsystems brings the board insights and best practices of admired public companies.

Mario Eduardo Vázquez, age 76, joined our board in May 2008. Mr. Vázquez serves as a member of the board of directors of YPF S.A. and as the president of the Audit Committee of YPF S.A. Mr. Vázquez served as the Chief Executive Officer of Grupo Telefónica in Argentina from June 2003 to November 2006, and served as a member of the board of directors of Telefónica S.A. Spain from November 2000 to November 2006. He has also served as a regular member of the board of directors of Telefónica Argentina S.A. and Telefónica Holding Argentina S.A., and as alternate member of the board of directors of Telefónica de Chile S.A until 2012. Since November 2006, Mr. Vázquez has pursued personal interests in addition to his service as a director. Mr. Vázquez spent 23 years as a partner and general director of Arthur Andersen for Argentina, Chile, Uruguay and Paraguay (Pistrelli, Diaz y Asociados and Andersen Consulting   Accenture), where he served for a total of 33 years until his retirement in 1993. Mr. Vázquez previously taught as a professor of Auditing at the Economics School of the University of Buenos Aires. Mr. Vázquez received a degree in accounting from the University of Buenos Aires.

Key Attributes, Experience and Skills:

Mr. Vázquez was chosen to join our board specifically to serve our audit committee as its audit committee financial expert. We targeted a director with financial and auditing experience specific to Latin American businesses. Mr. Vázquez worked in auditing for Arthur Andersen for 33 years total, including 23 years as a partner and general director, in many of our markets, including Argentina, Chile, Uruguay and Paraguay. He also brings an academic perspective to the position from his time as a professor of Auditing at the Economics School of the University of Buenos Aires. Finally, Mr. Vázquez has employed these skills as a board member of several other technology and other companies, thus has important experience serving as a director and audit committee member.

Class III Directors

Emiliano Calemzuk, age 38, joined our board in August 2007. Mr. Calemzuk serves as Chairman of the advisory boards of the Heart of Los Angeles Organization, a non-profit organization where he has served since 2010. From September 2010 to January 2012, Mr. Calemzuk served as Chief Executive Officer of Shine Group Americas (and its subsidiaries), major producers of television in the U.S. market. Prior to joining Shine, from 2007 to 2010, Mr. Calemzuk was President of Fox Television Studios, another major supplier of programming to U.S. cable and broadcast networks. From 2002 to 2007, Mr. Calemzuk served as President of Fox International Channels Italy. From 2000 to 2002, Mr. Calemzuk was Vice President and Deputy Managing Director of Fox Latin American Channels and was also employed as General Manager of Fox Kids Latin America. From 1998 to 2000, Mr. Calemzuk served as Associate Director of Marketing and Promotions for Fox Latin America. Prior to that, he worked at Hero Productions, a production company. He holds a bachelor s degree, cum laude, from the University of Pennsylvania, with studies at the Wharton School of Business and the Annenberg School of Communications.

Key Attributes, Experience and Skills:

Mr. Calemzuk contributes significant leadership experience in media, marketing and promotions. His service as President of Fox Television Studios provides valuable business, leadership and management experience, including expertise leading a large organization with global operations, giving him a keen understanding of the issues facing a multinational business such as MercadoLibre. Similarly, he has led the growth of international operations of Fox in both Latin America and Italy. In particular, he is a leader in alternative entertainment and technology genres, uniquely positioning him to provide thought leadership and guidance as MercadoLibre adapts to a changing technology and entertainment world.

Marcos Galperin, age 40, is one of our co-founders and has served as our chairman, president and chief executive officer and one of our directors since our inception in October 1999. He is a board member of Endeavor, a non-profit organization that is leading the global movement to catalyze long term economic growth by selecting, mentoring and accelerating the best high impact entrepreneurs around the world. He is also a board member of the Stanford Graduate School of Business. Prior to working with us, Mr. Galperin worked in the fixed income department of J.P. Morgan Securities Inc. in New York from June to August 1998 and at YPF S.A., an integrated oil company, in Buenos Aires, Argentina, where he was a Futures and Options Associate and managed YPF s currency and oil derivatives program from 1994 to 1997. Mr. Galperin received an MBA from Stanford University and graduated with honors from the Wharton School of the University of Pennsylvania.

Key Attributes, Experience and Skills:

Mr. Galperin brings leadership and extensive experience and knowledge of our company and industry to the board. As the founder and president of our company, Mr. Galperin has the most long-term and valuable hands-on knowledge of the issues, opportunities and challenges facing us and our business. In addition, Mr. Galperin brings his broad strategic vision for our company to the board. Mr. Galperin s service as our chairman and president and Chief Executive Officer provides a critical link between management and the board, enabling the board to perform its oversight function with the benefits of management s perspectives on the business.

***Veronica Allende Serra**,* age 42, joined our board in September 2007. Ms. Serra is the founding partner of Pacific Advisors, where she advises funds and corporations in their acquisitions and strategy. Between 1998 and 2001, she ran the office for Latin American Investments for International Real Returns LLC, a holding of global investments with $600 million under management with principal capital from the shareholders of Lazard Freres, an investment bank. Ms. Serra has invested in over a dozen companies in the United States and Latin America. She was an advisor and investor of Patagon, an on-line brokerage and bank that was sold to Banco Santander in 2000. Ms. Serra is a member of the advisory board of Endeavor Brazil and of the International Advisory Board of Endeavor Global. Between 1997 and 1998, she was Vice President and Assistant to the Chief Executive Officer of Leucadia National Corporation, an investment holding company based in New York. Ms. Serra has an MBA from Harvard Business School and a law degree from the University of São Paulo USP. She also holds a degree in art and advertising from the Escola Panamericana de Arte.

Key Attributes, Experience and Skills:

Ms. Serra provides our board with specific experience in acquisitions and other strategic transactions. She was chosen in part due to her extensive experience and leadership in global investments in both Latin America and the United States. In addition to business and finance, her law degree provides a legal perspective on our business transactions and her art and advertising degree provides marketing guidance with respect to our business decisions. Further, her dual education in both Brazil and the United States provides insights in both of our major areas of operation and oversight. She currently resides in Brazil, one of our most important markets. Ms. Serra s diverse background also contributes to her effectiveness as our lead independent director, enabling her to lead in a number of different areas.

Director Independence and Family Relationships

NASDAQ rules require listed companies to have a board of directors with at least a majority of independent directors. Under NASDAQ s rules, in order for a director to be deemed independent, our board must determine that the individual does not have a relationship that would interfere with the director s exercise of independent judgment in carrying out his or her responsibilities as a director of our company. As part of our corporate governance guidelines, our board has adopted guidelines setting forth categories of relationships that it has deemed material for purposes of making a determination regarding a director s independence. On an annual basis, each member of our board is required to complete a questionnaire designed to provide information to assist our board in determining whether the director is independent under NASDAQ rules and our corporate governance guidelines. Our board has determined that each of Messrs. Calemzuk, de los Santos, Spence and Vázquez, Ms. Segal and Ms. Serra, is independent under the listing standards of The NASDAQ Global Market and our corporate governance guidelines. Our governance guidelines require any director who has previously been determined to be independent to inform the chairman of our board and our corporate secretary of any change in circumstance that may cause his or her status as an independent director to change.

Other than Marcos Galperin and Nicolás Galperin, who are brothers, there are no family relationships among our officers and directors, nor are there any arrangements or understandings between any of our directors or officers or any other person pursuant to which any officer or director was or is to be selected as an officer or director.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated April 28, 2004, the selling stockholder has agreed to sell to Wachovia Capital Markets, LLC, or Wachovia, all of the shares being offered hereby.

The underwriting agreement provides that the underwriter is obligated to purchase all the shares of common stock in the offering if it purchases any of the shares, other than those shares covered by the over-allotment option described below.

The selling stockholder has granted to the underwriter a 30-day option to purchase up to 375,000 additional shares of common stock at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriter proposes to offer the shares of common stock to the public initially at the public offering price on the cover page of this prospectus supplement. After the initial public offering, the underwriter may change the public offering price.

The following table summarizes the compensation the selling stockholder will pay:

		Total	
	Per Share	Without Over-Allotment	With Over-Allotment
Underwriting discounts and commissions paid by the selling stockholder	$ 0.175	$ 437,500	$ 503,125

The selling stockholder estimates that the total expenses of this offering will be $127,000, all of which will be paid by us.

We, the selling stockholder and our directors who are affiliated with the selling stockholder have agreed not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, without, in each case, the prior written consent of Wachovia for a period of 45 days after the date of this prospectus supplement. In addition, we, the selling stockholder and our directors who are affiliated with the selling stockholder have agreed not to make any demand for or exercise any right with respect to, the registration of any of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, without the prior written consent of Wachovia, for a period of 45 days after the date of this prospectus supplement. Notwithstanding the foregoing, we may without the prior written consent of Wachovia:

- grant stock options or restricted shares pursuant to our existing benefit plans, and issue shares of our common stock pursuant to the exercise of such options or lapsing of any vesting restrictions;
- file registration statements on Form S-8 and amendments thereto in connection with our stock option, restricted stock or other employee stock purchase or benefit plans; and
- issue shares of our common stock upon the exercise of any option or the lapsing of any vesting restrictions or the conversion or exchange of a security issued by us and outstanding on the date hereof.

We and the selling stockholder have agreed to indemnify the underwriter against liabilities under the Securities Act, or contribute to payments that the underwriter may be required to make in that respect.

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The shares of common stock to be sold in this offering have been listed on the NYSE.

In connection with the offering, the underwriter may engage in stabilizing transactions, over-allotment transactions and covering transactions in accordance with Regulation M under the Securities Exchange Act of 1934, as amended.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase, which creates a short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriter is not greater than the number of shares that it may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriter may close out any covered short position by either exercising its over-allotment option and/or purchasing shares in the open market.

Covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover short positions. In determining the source of shares to close out the short position, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which it may purchase shares through the over-allotment option. If the underwriter sells more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

These stabilizing transactions and covering transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

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LEGAL MATTERS

The validity of the issuance of the shares of common stock offered by the selling stockholder hereby and certain other legal matters will be passed upon for us by our lawyers, Haynes and Boone, LLP. Latham & Watkins LLP has represented the selling stockholder in this offering. Cravath, Swaine & Moore LLP has represented the underwriter in this offering.

EXPERTS

The financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2003 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

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PROSPECTUS

$200,000,000

Debt Securities, Preferred Stock, Common Stock,

Debt Warrants, Equity Warrants and Units

Offered by

Aviall, Inc.

Guarantees of Debt Securities by

Aviall Services, Inc., Aviall Product Repair Services, Inc.,

Aviall Japan Limited, Inventory Locator Service, LLC and

Inventory Locator Service UK, Inc.

7,000,000 Shares of Common Stock

Offered by the

Selling Stockholder

We may offer, from time to time, any combination of these securities, in one or more series or issuances, at prices we will determine at the time of offering. The total offering price of all of the securities that we may sell pursuant to this prospectus will not exceed $200,000,000 (or the equivalent amount in other currencies).

This prospectus also covers guarantees of our payment obligations under any debt securities, which may be given by certain of our subsidiaries on terms to be determined at the time of the offering.

Up to 7,000,000 shares of our common stock may be offered from time to time in one or more offerings by the selling stockholder identified in this prospectus at prices that such selling stockholder will determine at the time of the offering. We will not receive any proceeds from sales of shares of our common stock by the selling stockholder.

We will provide the specific terms of the securities offered by us, including any guarantees by our subsidiaries or the selling stockholder in supplements to this prospectus, which we will deliver together with the prospectus at the time of sale.

This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement. You should read this prospectus and any prospectus supplement carefully before you invest.

Our common stock is quoted on the New York Stock Exchange under the symbol AVL.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 8, 2004.

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You should rely only on the information contained in or incorporated by reference in this prospectus and in any prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus is accurate as of any date other than the date on the front of this prospectus or the applicable prospectus supplement.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we may sell from time to time any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of $200,000,000. In addition, the selling stockholder referred to in this prospectus may offer and sell up to 7,000,000 shares of our common stock under this prospectus and any prospectus supplement. We will not receive any of the proceeds from any sale of shares by the selling stockholder.

This prospectus provides you with a general description of the securities we and the selling stockholder may offer and certain guarantees that may be provided by our subsidiaries. Each time we or the selling stockholder sell securities, we will provide a prospectus supplement containing specific information about the terms of those securities and any related subsidiary guarantees. The prospectus supplement may also add, update or change the information in this prospectus. If there is any inconsistency between the information in this prospectus and a prospectus supplement, you should rely on the information in the prospectus supplement. You should read this prospectus, the relevant prospectus supplement and the information described under the heading Where You Can Find Additional Information.

In this prospectus, the words Aviall, Company, we, our, ours and us refer to Aviall, Inc., and its subsidiaries, unless otherwise stated or th context requires.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, in accordance with the requirements of the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available over the Internet at the SEC s website at *http://www.sec.gov*. You may also read and copy any document we file with the SEC at the Public Reference Section of the SEC at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the SEC at that address. Please call 1-800-SEC-0330 for further information on the operations of the public reference facilities. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports will be made available free of charge through the Investor Relations section of our Internet website, *www.aviall.com*, as soon as practicable after the material is electronically filed with, or furnished to, the SEC.

INCORPORATION BY REFERENCE

We may incorporate by reference in this prospectus the information we file with the SEC, which means:

- incorporated documents are considered part of this prospectus;

- we can disclose important information to you by referring you to those documents; and

- information that we subsequently file with the SEC will automatically update and supersede the information in this prospectus and any information that was previously incorporated by reference in this prospectus. Any statement so updated or superseded shall not be deemed, except as so updated or superseded, to constitute part of this prospectus.

We incorporate by reference into this prospectus all documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this prospectus and prior to the termination of the

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exchange offer. In addition, except to the extent such information has been updated or superseded by the information in this prospectus, we incorporate by reference into this prospectus:

- our Annual Report on Form 10-K for the year ended December 31, 2002;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003;
- our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, as amended on August 21, 2003 pursuant to Form 10-Q/A;
- our Quarterly Report on Form 10-Q for the quarter ended September 30, 2003;
- our Current Report on Form 8-K, dated June 12, 2003, regarding the conversion of all of our outstanding Series D Redeemable Preferred Stock into shares of our common stock;
- our Current Report on Form 8-K, dated June 13, 2003, filing a press release regarding our Rule 144A offering of senior notes;
- our Current Report on Form 8-K, dated June 25, 2003, regarding the pricing of our $200 million senior note offering; and
- our Current Report on Form 8-K, dated September 29, 2003, regarding our new contract with Honeywell Lighting and Electronics.

In addition, we incorporate by reference the description of our common stock, which is contained in our registration statement on Form 10, filed with the SEC on December 22, 1993, as updated or amended in any amendment or report filed for such purpose.

You can obtain any of the filings incorporated by reference in this prospectus through us or from the SEC through the SEC s website or at the address listed above. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents that are not specifically incorporated by reference in this prospectus. You can request a copy of the documents incorporated by reference in this prospectus and a copy of the indenture, and other documents and agreements referred to in this prospectus by requesting them in writing or by telephone from us at the following address:

Aviall, Inc.

P.O. Box 619048

Dallas, Texas 75261-9048

Attention: Shareholder Services

Telephone: (972) 586-1000

CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements concerning our business, operations and financial performance and condition. When we use the words estimates, expects, forecasts, anticipates, projects, plans, intends, believes and variations of such words or similar express prospectus, we intend to identify forward-looking statements.

We have based our forward-looking statements on our current assumptions, expectations and projections about future events. We have expressed our assumptions, expectations and projections in good faith, and we believe there is a reasonable basis for them. However, we cannot assure you that our assumptions, expectations or projections will prove to be accurate.

A number of risks and uncertainties could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. Important factors that could cause our actual results to differ

materially from the forward-looking statements are set forth in this prospectus, including the factors described under the heading Risk Factors. These risks, uncertainties and other important factors include, among others:

- loss of key suppliers or significant customers;
- termination or curtailment of material contracts;
- changes in demand or prevailing market prices for the products and services we sell;
- changes in economic conditions;
- increased competition;
- failure to realize anticipated benefits from our agreements;
- changes in our business strategy;
- changes in government regulations and policies;
- limited operational flexibility due to our substantial leverage;
- foreign currency fluctuations and devaluations in our foreign markets; and
- foreign political instability and acts of war or terrorism.

Other factors may cause our actual results to differ materially from the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus and, except as required by law, we do not undertake any obligation to publicly update or revise our forward-looking statements. We caution you not to place undue reliance on these forward-looking statements.

AVIALL, INC.

We are the largest independent global provider to the aerospace aftermarket of new aviation parts, supply-chain management and other related value-added services. We serve this market through our two wholly owned subsidiaries, Aviall Services, Inc., or Aviall Services, and Inventory Locator Service, LLC, or ILS. Through Aviall Services, we purchase new aviation parts, components and supplies from approximately 215 original equipment manufacturers, or OEMs, and resell them through our network of 41 customer service centers located in North America, Europe, Asia, Australia and New Zealand. In addition, through Inventory Locator Service, we operate an electronic marketplace for buying of and selling parts, equipment and services for the aviation, defense and marine industries.

The global market for aerospace parts, components and supplies generally consists of two related segments: the new aircraft parts segment and the aftermarket parts segment. The new aircraft parts segment is comprised of parts, installed during the construction of new aircraft or engines. The aftermarket parts segment is comprised of parts needed for the scheduled and unscheduled maintenance, repair and modification of aircraft and engines already in use. Aviall Services primarily operates in the aftermarket segment s new parts group, providing new aerospace parts, components and supplies on behalf of OEMs to a diverse customer base. ILS principally operates in the aftermarket segment s redistribution group providing information and functionality for its subscribers and manages e-commerce technology for buyers and sellers of new and used, surplus and repaired aviation and aerospace parts and components, as well as repair services.

Aviall, Inc. is a Delaware corporation.

USE OF PROCEEDS

Unless otherwise set forth in the applicable prospectus supplement, net proceeds from the sale of the securities sold by us will be used for general corporate purposes. These purposes may include acquisitions,

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working capital, capital expenditures, the repurchase of outstanding securities and the repayment of indebtedness. Pending these applications, net proceeds from the sale of securities may be temporarily invested in short-term interest-bearing securities or other investment-grade securities. We will not receive any proceeds from sales of shares of our common stock by the selling stockholder.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to combined fixed charges and preferred stock dividends for the periods indicated below as calculated under SEC rules is as follows:

	Nine Months Ended September 30,	Year Ended December 31,				
	2003	2002	2001	2000	1999	1998
Ratio of earnings to fixed charges	1.7x	2.2x	1.3x	2.6x	2.9x	6.8x

For the purposes of calculating the ratio of earnings to fixed charges, earnings represents earnings from continuing operations before taxes plus fixed charges. Fixed charges include interest expense, amortization of deferred debt issuance cost, the portion of operating rental expense that management believes is representative of the appropriate interest component of rent expense, currently deemed to be one third, and the amount of pre-tax earnings required to pay preferred stock dividends.

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RISK FACTORS

The prospectus supplement applicable to each type or series of securities we or the selling stockholder offer will contain a discussion of risks applicable to an investment in our company and industry and to the particular types of securities that we or the selling stockholder are offering under that supplement. Prior to making a decision about investing in our securities, you should carefully consider the specific factors discussed under the caption Risk Factors in the applicable prospectus supplement, together with all of the other information contained in the prospectus supplement or appearing or incorporated by reference in the registration statement of which this prospectus is a part.

DESCRIPTION OF DEBT SECURITIES

The following description sets forth some general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of the debt securities offered by any prospectus supplement and the extent, if any, to which such general provisions may not apply to the debt securities so offered will be described in the prospectus supplement relating to such debt securities. For more information please refer to the applicable indenture. Capitalized terms used in this prospectus that are not defined will have the meanings given to them in these documents.

Any senior debt securities will be issued under a senior indenture to be entered into among us, any of our subsidiaries guaranteeing such senior debt securities and the trustee named in the senior indenture, also referred to as the senior trustee. Any subordinated debt securities will be issued under a subordinated indenture to be entered into among us, any of our subsidiaries guaranteeing such subordinated debt securities and the trustee named in the subordinated indenture, also referred to as the subordinated trustee. As used in this registration statement, the term indentures refers to both the senior indenture and the subordinated indenture, as applicable. Both indentures will be qualified under the Trust Indenture Act. As used in this registration statement, the term trustee refers to either the senior trustee or the subordinated trustee, as applicable.

We currently conduct substantially all of our operations through our subsidiaries, and the holders of debt securities (whether senior debt securities or subordinated debt securities) will be effectively subordinated to the creditors of our subsidiaries except to the extent of any guarantee issued by our subsidiaries with respect to such debt securities as described in the applicable prospectus supplement.

If specified in the prospectus supplement, certain of our subsidiaries (each a Subsidiary Guarantor) will unconditionally guarantee (each such guarantee, a Subsidiary Guarantee) the debt securities as described under Guarantees and in the applicable prospectus supplement. The Subsidiary Guarantee will be an unsecured obligation of the Subsidiary Guarantor. Subsidiary Guarantees of subordinated debt securities will be subordinated to the senior debt of the subsidiary guarantor on the same basis as our subordinated debt securities are subordinated to our senior debt.

The following summaries of some material provisions of the senior debt securities, the subordinated debt securities, any related subsidiary guarantees and the indentures are subject to, and qualified in their entirety by reference to, all the provisions of the indenture and any supplemental indenture applicable to a particular series of debt securities, including the definitions in this registration statement of some terms. Except as otherwise indicated, the terms of any senior indenture and subordinated indenture, as applicable, will be identical.

General

The terms of each series of debt securities will be established by or pursuant to a resolution of our board of directors and by a supplemental indenture. We will describe the particular terms of each series of debt securities in a prospectus supplement relating to that series.

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In particular, each prospectus supplement will describe the following terms relating to a series of debt securities as specified in a supplemental indenture:

- the title and aggregate principal amount of the debt securities;
- whether the debt securities are senior debt securities or subordinated debt securities and the terms of subordination;
- whether the debt securities will be guaranteed and the terms of any such guarantees;
- any provisions granting special rights to you when a specified event occurs;
- any limit on the amount of debt securities that may be issued;
- whether any of the debt securities will be issuable in whole or in part in temporary or permanent global form or in the form of book entry securities and, in such case, the identity for the depositary for such series and if in global form whether beneficial owners of interests in any such global security may exchange such interests for securities of such series, and the form of legend or legends that shall be borne by any such global security;
- the person to whom any interest payable on a debt security shall be payable, if other than the person in whose name that debt security is registered at the close of business on the regular record date for such payment;
- the manner in which any interest payable on a temporary global security on any interest payment date will be paid, if other than in the manner provided in the indenture;
- the maturity date(s) of the debt securities;
- the annual interest rate(s) (which may be fixed or variable) or the method for determining the rate(s) and the date(s) interest will begin to accrue on the debt securities, the date(s) interest will be payable, and the regular record date(s) for interest payment date(s) or the method for determining the record date(s);
- the place(s) where payments with respect to the debt securities shall be payable;
- our right, if any, to defer payment of interest on the debt securities and the maximum length of any deferral period;
- the date, if any, after which, and the price(s) at which, the series of debt securities may, pursuant to any optional redemption provisions, be redeemed at our option, and other related terms and provisions;
- the date(s), if any, on which, and the price(s) at which, if applicable, we are obligated, pursuant to any mandatory sinking fund provisions or otherwise, to redeem, or at your option to purchase in whole or in part, the series of debt securities and other related terms and provisions;

the denominations and currency in which the series of debt securities will be issued, if other than denominations of $1,000 (or the equivalent amount in foreign currency) and any integral multiple thereof;

any mandatory or optional sinking fund or similar provisions respecting the debt securities;

the currency or currency units in which payment of the principal of, premium, if any, and interest on the debt securities shall be payable;

if the amount of payments of principal of (and premium, if any), and any interest on, the debt securities of the series may be determined with reference to any commodities, currencies or indices, values, rates or prices or any other index or formula, the manner in which such amounts shall be determined;

if other than the entire principal amount, the portion of the principal amount of debt securities of the series which shall be payable upon declaration of acceleration of the maturity of a series of debt securities in case of an event of default under the indenture;

any additional means of satisfaction and discharge, and any additional conditions to discharge, of the indenture;

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- if the debt securities of the series are to be convertible into or exchangeable for our common stock (or cash in lieu thereof), equity securities, other debt securities (including other debt securities issued under the indenture), warrants or any other of our securities or property or any other entity, at our, or the holder of debt securities option or upon the occurrence of any condition or event, the terms and conditions for such conversion or exchange;

- whether and under what circumstances we will pay additional amounts on any debt securities held by a person who is not a United States person for tax or other regulatory purposes and whether we can redeem the debt securities rather than pay these additional amounts;

- any addition to, or modification or deletion of, any definition, any event of default or any covenant specified in the applicable indenture and supplement with respect to the debt securities;

- the terms and conditions, if any, pursuant to which the debt securities are secured; and

- any other terms of the debt securities.

Further, each prospectus supplement will describe the supplemental indenture provisions that amend the indenture without the consent of the holders of debt securities where such amendment is not specifically permitted under the indenture without such consent; provided, however, that any such amendment shall become effective only when there is no debt security of any series which (i) is outstanding, (ii) was created prior to the execution of the supplemental indenture providing for such change and (iii) is adversely affected by such amendment.

The debt securities may be issued as original issue discount securities as described in a prospectus supplement. An original issue discount security is a debt security, including any zero coupon debt security, which:

- is issued at a price lower than the amount payable upon its stated maturity; and

- provides that upon redemption or acceleration of the maturity, an amount less than the amount payable upon the stated maturity, shall become due and payable.

United States federal income tax considerations applicable to debt securities sold at an original issue discount security will be described in the applicable prospectus supplement. In addition, United States federal income tax or other considerations applicable to any debt securities which are denominated in a currency or currency unit other than United States dollars may be described in the applicable prospectus supplement.

Unless otherwise specified in a supplemental indenture, under the indentures, we will have the ability, in addition to the ability to issue debt securities with terms different from those of debt securities previously issued, without your consent, to reopen a previous issue of a series of debt securities and issue additional debt securities of that series, unless such reopening was restricted when the series was created, in an aggregate principal amount determined by us.

Conversion or Exchange of Rights

The terms, if any, on which a series of debt securities may be convertible into or exchangeable for our common stock or other of our securities will be detailed in the prospectus supplement relating thereto. Such terms will include provisions as to whether conversion or exchange is mandatory, at your option, or at our option, and may include provisions pursuant to which the number of shares of our common stock or of our other securities to be received by you and other holders of such series of debt securities would be subject to adjustment.

Guarantees

Any senior or subordinated debt securities may be guaranteed by one or more of our direct and indirect subsidiaries. While each prospectus supplement will more fully describe any guarantees for the benefit of the series of debt securities to which it relates, unless otherwise indicated in the prospectus supplement, the following provisions will apply to the guarantees of the debt securities given by our subsidiaries.

Subject to the limitations described below and in the prospectus supplement, our Subsidiary Guarantors will unconditionally guarantee the punctual payment when due, whether at the maturity date of the debt securities, by acceleration or otherwise, of all of our obligations under the indentures and the debt securities of a series, whether for principal of, premium, if any, or interest on the debt securities or otherwise (all such obligations guaranteed by our Subsidiary Guarantors, the Guaranteed Obligations).

In the case of subordinated debt securities, a Subsidiary Guarantee will be subordinated in right of payment to the senior debt of the Subsidiary Guarantor on the same basis as the subordinated debt securities are subordinated to our senior debt. No payment will be made by the Subsidiary Guarantor under its Subsidiary Guarantee during any period in which payments by us on the subordinated debt securities are suspended by the subordination provisions of the subordinated indenture.

Each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by such Subsidiary Guarantor without rendering such Subsidiary Guarantee voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Each Subsidiary Guarantee will be a continuing guarantee and will:

- remain in full force and effect until either (a) payment in full of all the Guaranteed Obligations (or the applicable debt securities are defeased and discharged in accordance with the defeasance provisions of the indentures) or (b) released as described in the following paragraph;
- be binding upon the applicable Subsidiary Guarantor; and
- inure to the benefit of, and be enforceable by, the applicable trustee, the holders of the debt securities and their successors and permitted transferees and assigns.

If a Subsidiary Guarantor ceases to be our subsidiary, whether as a result of a disposition of all or substantially all of the assets or all of the capital stock of the Subsidiary Guarantor, by way of sale, merger, consolidation or otherwise, the Subsidiary Guarantor will be deemed released and relieved of its obligations under its Subsidiary Guarantee without any further action required on the part of the trustee or any holder of debt securities, and no other person acquiring or owning the assets or capital stock of the Subsidiary Guarantor will be required to enter into a Subsidiary Guarantee; *provided*, in each case, that the transaction or transactions resulting in the Subsidiary Guarantor s ceasing to be subsidiary are carried out pursuant to, and in compliance with, all of the applicable covenants in the applicable indentures. Further, if we elect either defeasance and discharge or covenant defeasance under the terms of the indentures, then such Subsidiary Guarantor will also be deemed released and relieved of its obligations under its Subsidiary Guarantee without any further action required on the part of the trustee or any holder of debt securities. In addition, an applicable prospectus supplement may specify additional circumstances under which a Subsidiary Guarantor can be released from its Subsidiary Guarantee.

Consolidation, Merger or Sale

Unless noted otherwise in a prospectus supplement, the indentures and the supplemental indentures will not contain any covenant which restricts our ability to merge or consolidate, or sell, convey, transfer, or otherwise dispose of all or substantially all of our assets. However, any successor or acquirer of all or substantially all of our assets must assume all of our obligations under the indentures and any supplemental indentures or the

debt securities, as appropriate.

Events of Default under the Indentures

Unless otherwise specified in a supplemental indenture, an event of default typically will occur under the indentures with respect to any series of debt securities issued upon:

failure to pay interest on the debt securities when due if such failure continues for 30 days and the time for payment has not been extended or deferred;

- failure to pay the principal or premium of the debt securities, if any, when due;

- in the case of debt securities guaranteed by one or more of our subsidiaries, the Subsidiary Guarantees being held by a final non-appealable order or judgment of a court of competent jurisdiction to be unenforceable or invalid or ceasing for any reason to be in full force and effect (other than in accordance with the terms of the applicable indenture) or such Subsidiary Guarantor or any person or entity acting on behalf of such Subsidiary Guarantor denying or disaffirming such Subsidiary Guarantor s obligations under its Subsidiary Guarantee (other than by reason of a release of such Subsidiary Guarantor from its Subsidiary Guarantee in accordance with the terms of the applicable Indenture).

- failure to deposit any sinking fund payment, when due, for any debt security and in the case of the subordinated indenture, whether or not the deposit is prohibited by the subordination provisions;

- failure to observe or perform any other covenant contained in the debt securities or the indentures other than a covenant specifically relating to another series of debt securities, if such failure continues for 90 days after we receive notice from a trustee or holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series;

- if the debt securities are convertible into shares of our common stock or other of our securities, failure by us to deliver common stock or the other securities when you and other holders of the debt securities elect to convert the debt securities into shares of our common stock or other of our securities; and

- particular events of bankruptcy, insolvency, or reorganization.

The supplemental indentures or the form of security for a particular series of debt securities may include additional events of default or changes to the events of default described above. For any additional or different events of default applicable to a particular series of debt securities, see the prospectus supplement relating to such series.

Subject to the provisions of the supplemental indentures, an event of default for a particular series of debt securities may, but does not necessarily, constitute an event of default for any other series of debt securities.

Unless otherwise specified in a supplemental indenture, if an event of default with respect to debt securities of any series occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series, by notice in writing to us and to the trustee if notice is given by such holders, may declare the unpaid principal, premium, if any, and accrued interest, if any, due and payable immediately.

Subject to the provisions of the supplemental indentures, the holders of a majority in principal amount of the outstanding debt securities of an affected series may waive any default or event of default with respect to such series and its consequences, except defaults or events of default regarding payment of principal, premium, if any, or interest on the debt securities. Any such waiver shall cure such default or event of default.

Subject to the provisions of the supplemental indentures, in the case of any series of subordinated debt securities, the amounts collected by a trustee from us as a result of an event of default must first be applied towards any amounts due to the trustee and then to the payment of any senior series of debt securities before being paid to holders of such series of subordinated debt securities.

Subject to the terms of the supplemental indentures, if an event of default under an indenture shall occur and be continuing, the trustee named in such indenture will be under no obligation to exercise any of its rights or powers under such indenture at your request or direction or that of any other holders of the applicable series of debt securities, unless you or such holders have offered the trustee reasonable indemnity. The holders of a majority in principal amount of the outstanding debt securities of any series will have the right to direct the time,

method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the debt securities of that series, provided that:

- it is not in conflict with any law or the applicable indenture;
- the trustee may take any other action deemed proper by it which is not inconsistent with such direction; and
- subject to its duties under the Trust Indenture Act, the trustee need not take any action that might involve it in personal liability or might be unduly prejudicial to the holders not involved in the proceeding.

Subject to the terms of the supplemental indentures, as a holder of the debt securities of any series, you will only have the right to institute a proceeding or to appoint a receiver or trustee, or to seek other remedies if:

- you have given written notice to the trustee of a continuing event of default with respect to that series;
- the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series have made written request, and have offered reasonable indemnity to the trustee to institute such proceedings as trustee; and
- the trustee does not institute such proceeding, and does not receive from the holders of a majority in aggregate principal amount of the outstanding debt securities of that series other conflicting directions within 60 days after such notice, request, and offer. These limitations do not apply to a suit instituted by you if we default in the payment of the principal, premium, if any, or interest on, your debt securities.

Subject to the terms of the supplemental indentures, we will periodically file statements with the trustee regarding our compliance with all of the conditions and covenants in the indentures.

Modification of Indentures

We and a trustee may change an indenture without your consent with respect to specific matters, including:

- to cure any ambiguity, omission, defect, or inconsistency in such indenture;
- to provide for the assumption by a successor person of our obligations under such indenture;
- to add guarantees, including subsidiary guarantees, with respect to debt securities or to release subsidiary guarantors from subsidiary guarantees as provided by the terms of the indenture or to secure debt securities;

to add to the covenants for your benefit or to surrender any right or power conferred upon us;

to add additional events of default with respect to all, or a specific series, of the debt securities;

to supplement any of the provisions of the indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of securities in accordance with the terms of the indenture; provided, however, that any such action shall not adversely affect the interest of the holders of debt securities of such series or any other series of debt securities in any material respect;

to secure the securities or any subsidiary guarantee pursuant to the terms of such subsidiary guarantee;

to surrender any right conferred to us under the indenture;

to change or eliminate any provision of the indenture that does not materially adversely affect your interests as a holder of debt securities of any series; or

to comply with any requirement of the SEC in connection with the qualification of an indenture under the Trust Indenture Act.

In addition, under the indentures, but subject to the terms of the supplemental indenture, your rights as a holder of a series of debt securities may be changed by us, any Subsidiary Guarantor and a trustee with the written consent of the holders of at least a majority in aggregate principal amount of the outstanding debt securities of each series that is affected. However, the following changes may only be made with the consent of each holder of any outstanding debt securities affected:

- change the fixed maturity of such series of debt securities;
- reduce the principal amount, reduce the rate of, or extend the time of payment of interest, or any premium payable upon the redemption of any such debt securities;
- reduce the amount of principal of an original issue discount security or any other debt security payable upon acceleration of the maturity thereof;
- change the place where principal or interest under the debt securities is payable;
- a change in the currency in which any debt security or any premium or interest is payable;
- impair the right to enforce any payment on or with respect to any debt security;
- reduce the percentage in principal amount of outstanding debt securities of any series, the consent of whose holders is required for modification or amendment of the applicable indenture or for waiver of compliance with certain provisions of the applicable indenture or for waiver of certain defaults;
- reduce the requirements contained in the applicable indenture for quorum or voting; or
- modify any of the above provisions.

Form, Exchange and Transfer

The debt securities of each series will be issuable only in fully registered form without coupons and, unless otherwise specified in the applicable prospectus supplement, in denominations of $1,000 (or the equivalent amount in foreign currency) and any integral multiple thereof. Subject to the terms of the supplemental indentures, the indentures will provide that debt securities of a series may be issuable in temporary or permanent global form and may be issued as book entry securities that will be deposited with, or on behalf of, The Depository Trust Company or another depository we name and identify in a prospectus supplement with respect to such series.

At your option, subject to the terms of the supplemental indentures and the limitations applicable to global securities described in the applicable prospectus supplement, debt securities of any series will be exchangeable for other debt securities of the same series, in any authorized denomination and of like tenor and aggregate principal amount.

Subject to the terms of the supplemental indentures and the limitations applicable to global securities detailed in the applicable prospectus supplement, debt securities may be presented for exchange or for registration of transfer (duly endorsed or with the form of transfer endorsed thereon duly executed if so required by us or the security registrar) at the office of the security registrar or at the office of any transfer agent designated by us for such purpose. Unless otherwise provided in the debt securities to be transferred or exchanged, no service charge will be made for any registration of transfer or exchange, but we may require payment of any taxes or other governmental charges. The security registrar and any transfer agent (in addition to the security registrar) initially designated by us for any debt securities will be named in the applicable prospectus supplement. We may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for the debt securities of each series.

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Subject to the terms of the supplemental indentures, if the debt securities of any series are to be redeemed, we will not be required to:

- issue, register the transfer of, or exchange any debt securities of that series during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any such debt securities that may be selected for redemption and ending at the close of business on the day of such mailing; or

- register the transfer of or exchange any debt securities so selected for redemption, in whole or in part, except the unredeemed portion of any such debt securities being redeemed in part.

Information Concerning Trustees

A trustee, other than during the occurrence and continuance of an event of default under an indenture, undertakes to perform only such duties as are specifically detailed in the indentures and, upon an event of default under an indenture, must use the same degree of care as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, a trustee is under no obligation to exercise any of the powers given it by the indentures at the request of any holder of debt securities unless it is offered reasonable security and indemnity against the costs, expenses, and liabilities that it might incur. A trustee is not required to spend or risk its own money or otherwise become financially liable while performing its duties unless it reasonably believes that it will be repaid or receive adequate indemnity.

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, payment of the interest on any debt securities on any interest payment date will be made to the person in whose name such debt securities (or one or more predecessor securities) are registered at the close of business on the regular record date for such interest.

Principal of and any premium and interest on the debt securities of a particular series will be payable at the office of the paying agents designated by us, except that unless otherwise indicated in the applicable prospectus supplement, interest payments may be made by check mailed to the holder. Unless otherwise indicated in such prospectus supplement, the corporate trust office of a trustee in The City of New York will be designated as our sole paying agent for payments with respect to debt securities of each series. Any other paying agents initially designated by us for the debt securities of a particular series will be named in the applicable prospectus supplement. We will be required to maintain a paying agent in each place of payment for the debt securities of a particular series.

All moneys paid by us to a paying agent or a trustee for the payment of the principal of or any premium or interest on any debt securities which remains unclaimed at the end of two years after such principal, premium, or interest has become due and payable will be repaid to us, and the holder of the security thereafter may look only to us for payment thereof.

Legal Defeasance and Covenant Defeasance

We at any time may terminate all of our obligations under the indenture and any applicable supplemental indenture (legal defeasance), except for certain obligations, including those respecting the defeasance trust and obligations to replace mutilated, destroyed, lost or stolen certificates representing the debt securities and to maintain a registrar and paying agent in respect of the debt securities. Additionally, we at any time may terminate certain covenants under the indenture or any supplemental indenture (covenant defeasance).

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

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If we exercise our legal defeasance option, payment of the debt securities may not be accelerated because of an event of default with respect to the indenture or a supplemental indenture. If we exercise our covenant defeasance option, payment of the debt securities may not be accelerated because of an event of default relating to the terminated covenants.

The legal defeasance option or the covenant defeasance option may be exercised only if:

- we irrevocably deposit in trust with the Trustee money or United States government obligations for the payment of principal of, premium, if any, and interest on the new notes to maturity or redemption, as the case may be;

- we deliver to the Trustee a certificate from a nationally recognized firm of independent certified public accountants expressing their opinion that the payments of principal, premium, if any and interest when due and without reinvestment on the deposited United States government obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal, premium, if any, and interest when due on all debt securities to maturity or redemption, as the case may be;

- 91 days pass after the deposit is made and during the 91-day period we are not in default under the indenture as a result of the initiation of a bankruptcy or similar proceeding with respect to us or any other person or entity making such deposit which is continuing at the end of the period;

- no event of default has occurred and is continuing on the date of such deposit and after giving effect to such deposit;

- such deposit does not constitute a default under any other agreement or instrument binding on us;

- we deliver to the Trustee an opinion of our legal counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

- in the case of the legal defeasance option, we deliver to the Trustee an opinion of our legal counsel stating that:

  - we have received from the Internal Revenue Service a ruling, or

  - since the date of the indenture there has been a change in the applicable federal income tax law, to the effect,

in either case, that, and based thereon such opinion of our legal counsel shall confirm that, the holders of the debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same time as would have been the case if such defeasance has not occurred;

- in the case of the covenant defeasance option, we deliver to the Trustee an opinion of our legal counsel to the effect that the holders of the debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

we deliver to the Trustee an officers certificate and an opinion of our legal counsel, each stating that all conditions precedent to the defeasance and discharge of the debt securities have been complied with as required by the indenture.

Governing Law

The indentures and the debt securities will be governed by and construed in accordance with the laws of the State of New York except for conflicts of laws provisions and to the extent that the Trust Indenture Act shall be applicable.

Subordination of Subordinated Debt Securities

The indebtedness evidenced by the subordinated debt securities will, to the extent set forth in the subordinated indenture with respect to each series of subordinated debt securities, be subordinate in right of payment to the prior payment in full of all of our senior indebtedness, including the senior debt securities, and it may also be senior in right of payment to all of our other subordinated debt. The indenture supplement relating to any series of subordinated debt securities will include the subordination provisions of such series including:

- the applicability and effect of such provisions upon any payment or distribution of our assets to creditors upon any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets or any bankruptcy, insolvency or similar proceedings;

- the applicability and effect of such provisions in the event of specified defaults with respect to any senior indebtedness, including the circumstances under which and the periods in which we will be prohibited from making payments on the subordinated debt securities;

- the definition of senior indebtedness applicable to the subordinated debt securities of that series and, if the series is issued on a senior subordinated basis, the definition of subordinated debt applicable to that series;

- any changes to the subordination provisions of the indenture that we make without the consent of the holders of debt securities and which changes are not specifically permitted under the indenture without such consent; provided that such changes shall become effective only when there is no debt security of any series which (i) is outstanding, (ii) was created prior to the execution of the supplemental indenture providing for such change and (iii) is adversely affected by such change.

The indenture supplement will also describe as of a recent date the approximate amount of senior indebtedness to which the subordinated debt securities of such series will be subordinated.

The failure to make any payment on any of the subordinated debt securities by reason of the subordination provisions of the subordinated indenture described in the applicable supplemental indenture will not be construed as preventing the occurrence of an event of default with respect to the subordinated debt securities arising from any such failure to make payment.

The subordination provisions described above will not be applicable to payments in respect of the subordinated debt securities from a defeasance trust established in connection with any defeasance or covenant defeasance of the subordinated debt securities as described under - Legal Defeasance and Covenant Defeasance.

The foregoing description of debt securities and the indenture is a summary and is qualified in its entirety by the applicable indenture. Further, we may amend the applicable indenture without the consent of the holders of debt securities, even if such amendment is not specifically permitted without such consent; provided that such amendment shall become effective only when there is no debt security of any series which (i) is outstanding, (ii) was created prior to the execution of the supplemental indenture providing for such change and (iii) is adversely affected by such change.

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DESCRIPTION OF CAPITAL STOCK

Selected provisions of our organizational documents and descriptions of our capital stock are summarized below. The summary is not complete. You should read the organizational documents, which are incorporated by reference to this registration statement, for other provisions that may be important to you. In addition, you should be aware that the summary below does not give full effect to the terms of the provisions of statutory or common law which may affect your rights as a stockholder.

We are authorized to issue 80,000,000 shares of common stock, par value $0.01 per share. As of December 31, 2003, a total of 31,937,364 shares of our common stock were issued and outstanding. As of December 31, 2003, a total of 4,666,558 shares of common stock were reserved for issuance under our stock incentive plans. We are also authorized to issue 10,000,000 shares of preferred stock, par value $0.01 per share. As of December 31, 2003, no shares of Preferred Stock were outstanding.

The following summary of our common stock and preferred stock is qualified in its entirety by reference to our Restated Certificate of Incorporation, our Amended and Restated By-laws, and the Delaware General Corporation Law, as amended.

Common Stock

Listing

Our common stock is listed on the New York Stock Exchange, under the symbol AVL. Any additional common stock that we issue will also be listed on the New York Stock Exchange, unless otherwise indicated in a prospectus supplement.

Dividends

Stockholders may receive dividends declared by our board of directors if, as and when our board of directors declares any such dividends. Our loan agreement contains restrictions on our ability to pay dividends.

Voting Rights

Each share of common stock is entitled to one vote in the election of directors and other matters submitted to our stockholders. Holders of our common stock do not have cumulative or preemptive rights. As a result, the holders of a majority of the outstanding shares of common stock voting for the election of directors can elect all the directors, and, in such event, the holders of the remaining shares of common stock will not be able to elect any persons to our board of directors.

Other Provisions

We will notify holders of common stock of any stockholders meetings in accordance with applicable law. If we liquidate, dissolve or wind-up, whether voluntarily or not, our common stockholders will share equally in the assets remaining after we pay our creditors and holders of any preferred stock we have outstanding at the time of liquidation.

Transfer Agent and Registrar

EquiServe is the transfer agent and registrar for our common stock.

Preferred Stock

The following description of the terms of the preferred stock sets forth general terms and provisions of the preferred stock to which a prospectus supplement may relate. Specific terms of any series of preferred stock

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offered by a prospectus supplement will be described in the prospectus supplement relating to such series. You should read the certificate of designations establishing a particular series of preferred stock, which we will file with the SEC in connection with the offering of such series, for other provisions that may be important to you.

General

Our board of directors can, without approval of our stockholders, establish series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences, privileges and restrictions including the dividend rights, voting rights, conversion rights, redemption rights and any liquidation preferences of any series of preferred stock and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in the persons and entities controlling us and make it harder to remove present management. Under certain circumstances, the terms of any preferred stock, which is subsequently issued, could also restrict dividend payments to holders of our common stock or restrict our ability to repurchase or redeem shares.

Other Provisions

The transfer agent, registrar and dividend disbursement agent for a series of preferred stock will be named in the applicable prospectus supplement. The registrar for preferred stock will send notices to stockholders of any meetings at which holders of the preferred stock have the right to elect directors or to vote on any other matter.

If we offer preferred stock, the specific terms of a particular series will be described in the prospectus supplement, and will include the following:

- the price or prices at which the preferred stock will be issued;
- the maximum number of shares to constitute the series and the distinctive designations of such series;
- the dividend rate, or method of calculation, the dates on which dividends will be payable, whether dividends will be paid in preference to dividends on common stock, and whether dividends will be cumulative;
- whether and the manner in which the preferred stock will be redeemable at our option or otherwise;
- any liquidation preference applicable to the preferred stock;
- whether and the manner in which the preferred stock will be subject to a retirement or sinking fund that requires us to repurchase the shares;
- any conversion or exchange rights applicable to the preferred stock;

- any restrictions on the ability to sell or transfer the preferred stock;
- any voting rights; and
- any other restrictions, preferences, privileges, rights or limitations.

Delaware Anti-Takeover Statute

We are a Delaware corporation and are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prevents us from engaging in a business combination with an interested stockholder (generally, a person owning 15% or more of our outstanding voting stock) for three years following the time that person becomes a 15% stockholder unless either:

- before that person became a 15% stockholder, our board of directors approved the transaction in which the stockholder became a 15% stockholder or approved the business combination;
- upon completion of the transaction that resulted in the stockholder s becoming a 15% stockholder, the stockholder owns at least 85% of our voting stock outstanding at the time the transaction began

(excluding stock held by directors who are also officers and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or

after the transaction in which that person became a 15% stockholder, the business combination is approved by our board of directors and authorized at a stockholder meeting by at least two-thirds of the outstanding voting stock not owned by the 15% stockholder.

Under Section 203, these restrictions also do not apply to business combinations proposed by a 15% stockholder following the disclosure of an extraordinary transaction with a person who was not a 15% stockholder during the previous three years or who became a 15% stockholder with the approval of a majority of our directors. This exception applies only if the extraordinary transaction is approved or not opposed by a majority of our directors who were directors before any person became a 15% stockholder in the previous three years, or the successors of these directors.

Although the selling stockholder and its affiliates currently own over 15% percent of our common stock and acquired such stock pursuant to a transaction within the last three years, a majority of our directors approved the transaction. Consequently, Section 203 will not prevent us from engaging in a business combination with the selling stockholder or its affiliates.

Limitation on Directors Liability

Delaware has adopted a law that allows corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breach of directors fiduciary duty of care. The duty of care requires that, when acting on behalf of the corporation, directors must exercise an informed business judgment based on all material information reasonably available to them. Absent the limitations allowed by the law, directors are accountable to corporations and their stockholders for monetary damages for acts of gross negligence. Although the Delaware law does not change directors duty of care, it allows corporations to limit available relief to equitable remedies such as an injunction or rescission. Our Restated Certificate of Incorporation limits the liability of our directors to the fullest extent permitted by this law. Specifically, our directors will not be personally liable for monetary damages for any breach of their fiduciary duty as a director, except for liability

for any breach of their duty of loyalty to us or our stockholders;

for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

under provisions relating to unlawful payments of dividends or unlawful stock repurchases or redemptions; or

for any transaction from which the director derived an improper personal benefit.

This limitation may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited our stockholders.

DESCRIPTION OF WARRANTS

We may issue warrants to purchase debt securities, or debt warrants, as well as warrants to purchase preferred stock or common stock, or equity warrants. We refer to debt warrants and equity warrants collectively as warrants. Warrants may be issued independently or together with any securities and may be

attached to or separate from those securities. We will issue warrants under warrant agreements to be entered into between us and a bank or trust company, as warrant agent. When we issue warrants, we will describe the specific terms of the warrants in a prospectus supplement.

Debt Warrants

The applicable prospectus supplement will describe the terms of debt warrants offered thereby, the warrant agreement relating to the debt warrants and the debt warrant certificates representing the debt warrants, including:

- the title of the debt warrants;
- the aggregate number of debt warrants;
- the price or prices at which the debt warrants will be issued;
- the designation, aggregate principal amount and terms of the debt securities purchasable upon exercise of the debt warrants, and the procedures and conditions relating to the exercise of the debt warrants;
- the designation and terms of any related debt securities with which the debt warrants are issued, and the number of the debt warrants issued with each debt security;
- the date, if any, on and after which the debt warrants and the related debt securities will be separately transferable;
- the principal amount of debt securities purchasable upon exercise of each debt warrant;
- the date on which the right to exercise the debt warrants will commence, and the date on which those rights will expire;
- the maximum or minimum number of debt warrants which may be exercised at any time;
- information with respect to book-entry procedures, if any;
- a discussion of any material federal income tax considerations; and
- any other terms of the debt warrants and terms, procedures and limitations relating to the exercise of the debt warrants.

Subject to the terms of the applicable prospectus supplement, debt warrant certificates will be exchangeable for new debt warrant certificates of different denominations. Debt warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement. Prior to the exercise of their debt warrants, holders of debt warrants will not have any of the rights of holders of the debt securities purchasable upon the exercise and will not be entitled to payment of principal of or premium, if any, or interest, if any, on the debt

securities purchasable upon the exercise.

Equity Warrants

The applicable prospectus supplement will describe the terms of equity warrants offered thereby, the warrant agreement relating to the equity warrants and the equity warrant certificates representing the equity warrants, including:

- the title of the equity warrants;
- the securities (i.e., preferred stock or common stock) for which the equity warrants are exercisable;
- the price or prices at which the equity warrants will be issued;
- if applicable, the designation and terms of the preferred stock or common stock with which the equity warrants are issued, and the number of equity warrants issued with each share of preferred stock or common stock;

- if applicable, the date on and after which the equity warrants and the related preferred stock or common stock will be separately transferable;
- the date on which the right to exercise the equity warrants will commence, and the date on which those rights will expire;
- the maximum or minimum number of equity warrants which may be exercised at any time;
- information with respect to book-entry procedures, if any;
- if applicable, a discussion of any material federal income tax considerations; and
- any other terms of the equity warrants, including terms, procedures and limitations relating to the exchange and exercise of the equity warrants.

Unless otherwise provided in the applicable prospectus supplement, holders of equity warrants will not be entitled, by virtue of being such holders, to vote, consent, receive dividends, receive notice as stockholders with respect to any meeting of stockholders for the election of our directors or any other matter, or to exercise any rights whatsoever as stockholders.

Except as set forth in the applicable prospectus supplement, the exercise price payable and the number of shares of common stock or preferred stock purchasable upon the exercise of each equity warrant will be subject to adjustment in certain events, including the issuance of a stock dividend to holders of common stock or preferred stock or a stock split, reverse stock split, combination, subdivision or reclassification of common stock or preferred stock. In lieu of adjusting the number of shares of common stock or preferred stock purchasable upon exercise of each equity warrant, we may elect to adjust the number of equity warrants. Unless otherwise provided in the applicable prospectus supplement, no adjustments in the number of shares purchasable upon exercise of the equity warrants will be required until cumulative adjustments require an adjustment of at least 1% thereof. We may, at our option, reduce the exercise price at any time. No fractional shares will be issued upon exercise of equity warrants, but we will pay the cash value of any fractional shares otherwise issuable. Notwithstanding the foregoing, except as otherwise provided in the applicable prospectus supplement, in case of any consolidation, merger, or sale or conveyance of our property as an entirety or substantially as an entirety, the holder of each outstanding equity warrant shall have the right to the kind and amount of shares of stock and other securities and property (including cash) receivable by a holder of the number of shares of common stock or preferred stock into which the equity warrant was exercisable immediately prior to the particular triggering event.

Exercise of Warrants

Subject to the terms of the applicable prospectus supplement, each warrant will entitle the holder to purchase the principal amount, or number of, securities at the exercise price as shall in each case be set forth in, or be determinable as set forth in, the applicable prospectus supplement. Warrants may be exercised at any time up to the close of business on the expiration date set forth in the prospectus supplement relating to the warrants offered thereby. After the close of business on the expiration date, unexercised warrants will become void.

Subject to the terms of the applicable prospectus supplement, warrants may be exercised as set forth in the applicable prospectus supplement. Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward the securities purchasable upon that exercise. If less than all of the warrants represented by a particular warrant certificate are exercised, a new warrant certificate will be issued for

the remaining warrants.

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DESCRIPTION OF UNITS

We may issue units consisting of two or more other constituent securities. These units may be issuable as, and for a specified period of time may be transferable as, a single security only, as distinguished from the separate constituent securities comprising such units. When we issue units, we will describe the specific terms of the units in a prospectus supplement including the following:

- the title of any series of units;
- identification and description of the separate constituent securities comprising the units;
- the price or prices at which the units will be issued;
- if applicable, the date on and after which the constituent securities comprising the units will become separately transferable;
- information with respect to book-entry procedures, if any;
- a discussion of any material federal income tax considerations; and
- any other terms of the units and their constituent securities.

SELLING STOCKHOLDER

Pursuant to a registration rights agreement, dated as of December 21, 2001, as amended, we agreed to register certain securities owned by the selling stockholder and to indemnify the selling stockholder against certain liabilities related to the selling of the common stock, including liabilities arising under the Securities Act of 1933, as amended, or the Securities Act. Under the registration rights agreement, we also agreed to pay the costs and fees of registering the shares of common stock (including the reimbursement of fees paid by the selling stockholder to counsel); however, the selling stockholder will pay any brokerage commissions, discounts or other expenses relating to the sale of the shares of common stock.

The table below sets forth information about the selling stockholder s beneficial ownership of our common stock as of December 31, 2003 (such information has been provided by the selling stockholder). The selling stockholder may offer all, some or none of the shares of our common stock beneficially owned by it. The shares offered by this prospectus may be offered from time to time by the selling stockholder. As used in this prospectus, selling stockholder includes the successors-in-interest, donees, transferees or others who may later hold the selling stockholder s interests and who will be named in a supplement to this prospectus.

As of December 31, 2003, the selling stockholder beneficially owned 11,363,378 shares of our common stock by virtue of its beneficial ownership of 11,100,878 shares of our common stock and a warrant exercisable for 262,500 shares of our common stock. The selling stockholder is an affiliate of The Carlyle Group, a private equity firm. Two managing directors of The Carlyle Group currently sit on our board of directors.

Name of Selling Stockholder	Shares Beneficially Owned Prior to the Offering		Number of Shares Being Offered
	Number of Shares Beneficially Owned	Percent	
TCG Holdings, L.L.C. (1)	11,363,378(2)	35.3%	

(1) TC Group III, L.P. is the sole general partner of Carlyle Partners III, L.P., CP III Coinvestment, L.P. and Carlyle-Aviall Partners II, L.P., the record holders of 9,499,027, 801,146 and 246,201 shares of our common stock, respectively. TC Group III, L.L.C. is the sole general partner of TC Group III, L.P. TCG High Yield, L.L.C. is the sole general partner of Carlyle High Yield Partners, L.P., the record holder of

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554,504 shares of Common Stock and a warrant exercisable for 262,500 shares of our common stock. TCG High Yield Holdings, L.L.C. is the sole managing member of TCG High Yield, L.L.C. TC Group, L.L.C. is the sole managing member of TC Group III, L.L.C. and TCG High Yield Holdings, L.L.C. TCG Holdings, L.L.C. is the sole managing member of TC Group, L.L.C. Accordingly, (i) TC Group III, L.P. and TC Group III, L.L.C. each may be deemed to be a beneficial owner of shares of common stock owned of record by each of Carlyle Partners III, L.P., CP III Coinvestment, L.P. and Carlyle-Aviall Partners II, L.P.; (ii) TCG High Yield, L.L.C. and TCG High Yield Holdings, L.L.C. each may be deemed to be a beneficial owner of shares of common stock owned of record by Carlyle High Yield Partners, L.P. and (iii) TC Group, L.L.C. and TCG Holdings, L.L.C. each may be deemed to be a beneficial owner of shares of common stock owned of record by each of Carlyle Partners III, L.P., CP III Coinvestment, L.P., Carlyle-Aviall Partners II, L.P. and Carlyle High Yield Partners, L.P. William E. Conway, Jr., Daniel A. D Aniello and David M. Rubenstein are managing members of TCG Holdings, L.L.C. and, in such capacity, may be deemed to share beneficial ownership of shares of common stock beneficially owned by TCG Holdings, L.L.C. Such individuals expressly disclaim any such beneficial ownership. The principal address and principal offices of TCG Holdings, L.L.C. and certain affiliates is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505. Each of the foregoing entities reports to have sole voting and investment power over the shares of common stock reported to be beneficially owned by such entity.

(2) Includes 262,500 shares of our common stock, which Carlyle High Yield Partners is entitled to receive upon exercise of a warrant currently held by it and registered for resale pursuant to a Registration Statement on Form S-3 (Reg. No. 333-894-84). None of these shares are being offered for resale pursuant to this prospectus.

PLAN OF DISTRIBUTION

Distribution by the Company or the Selling Stockholder

As used in this prospectus, selling stockholder includes the successors-in-interest, donees, transferees or others who may later hold the selling stockholder s interests and who will be named in a supplement to this prospectus. In all cases, the selling stockholder will act independently of us in making decisions with respect to the timing, manner and size of each sale. We or the selling stockholder may sell any of the securities being offered under this prospectus in any one or more of the following ways from time to time:

- through underwriters or dealers;
- through agents;
- through a block trade in which the broker or dealer engaged to handle the block trade will attempt to sell the securities as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- as exchange distributions in accordance with the rules of the applicable exchange;
- directly to purchasers, including institutional investors;
- to a broker-dealer, as principal, for resale by the broker-dealer for its account;
- through privately negotiated transactions;

through remarketing firms;

short sales;

through a combination of any of these methods of sale; or

any other method permitted pursuant to applicable law.

In addition, the selling stockholder may sell its common stock under Rule 144 of the Securities Act rather than under this prospectus, if the transaction meets the requirements of Rule 144, or by any other legally available means. The distribution of the securities described in this prospectus may be effected from time to time in one or more transactions either:

- at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of the sale;
- at prices relating to the prevailing market prices; or
- at negotiated prices.

Underwriters or Dealers

Unless otherwise indicated in the applicable prospectus supplement, if underwriters or dealers are utilized in the sale, the securities will be acquired by the underwriters or dealers for their own account. The underwriters or dealers may sell the securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase the securities will be subject to several conditions set forth in an agreement between us and the underwriters. Unless otherwise indicated in the applicable prospectus supplement, the underwriters will be obligated to purchase all of the securities offered if any of the securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. We or the selling stockholder may grant underwriters who participate in the distribution of securities an option to purchase additional securities if they sell more securities than they purchased.

During and after an offering through underwriters, the underwriters may purchase and sell the securities in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. The underwriters may also impose a penalty bid, in which selling concessions allowed to syndicate members or other broker-dealers for the offered securities sold for their account may be reclaimed by the syndicate if such offered securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the offered securities, which may be higher than the price that might otherwise prevail in the open market. If commenced, these activities may be discontinued.

If we or the selling stockholder use dealers in the sale of securities, we will sell the securities to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale. We will include in the prospectus supplement the names of the dealers and the terms of the transaction.

Agents

We or the selling stockholder may designate agents who agree to use their reasonable efforts to solicit purchasers for the period of their appointment or to sell securities on a continuing basis.

Direct Sales

We or the selling stockholder may also sell securities directly to one or more purchasers without using underwriters or agents.

Remarketing Firms

The securities may be re-sold to the public following their redemption or repayment by one or more remarketing firms. Remarketing firms may act as principals for their own accounts or as agents for us.

Rights Offerings; Conversions

If we were to issue rights on a pro rata basis to our stockholders, we may be able to use this prospectus to offer and sell the securities underlying the rights. We may also be able to use the prospectus to offer and sell securities to be received upon conversion of any convertible securities we may issue or upon exercise of transferable warrants that may be issued by us or an affiliate.

General Information

Underwriters, dealers, agents and remarketing firms that participate in the distribution of the securities may be underwriters as defined in the Securities Act, and any discounts or commissions received by them from us and any profit on the resale of the securities by them may be treated as underwriting discounts and commissions under the Securities Act. Any underwriter, dealer, agent or remarketing firm will be identified and the terms of the transaction, including their compensation, will be described in a prospectus supplement or in a post-effective amendment to the registration statement of which this prospectus is a part. We or the selling stockholder may have agreements with underwriters, dealers, agents or remarketing firms to indemnify them against certain liabilities, including liabilities under the Securities Act, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make. Underwriters, dealers, agents or remarketing firms, or their affiliates may be customers of, engage in transactions with or perform services for, us or our subsidiaries in the ordinary course of their business.

All securities, other than shares of common stock, will be new issues of securities with no established trading market. Any underwriters to whom securities are sold by us for public offering and sale may make a market in such securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any securities.

We or the selling stockholder may use agents and underwriters to solicit offers by certain institutions to purchase securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date stated in the prospectus supplement. Delayed delivery contracts will be subject to only those conditions set forth in the prospectus supplement. A commission indicated in the prospectus supplement will be paid to underwriters and agents soliciting purchases of securities pursuant to delayed delivery contracts accepted by us.

Hedging and Other Transactions

In addition to the manners of distribution described above, the selling stockholder may enter into hedging transactions. For example, the selling stockholder may:

- enter into transactions with a broker-dealer or affiliate thereof in connection with which such broker-dealer or affiliate will engage in short sales of the common stock pursuant to this prospectus, in which case such broker-dealer or affiliate may use shares of common stock received from the selling stockholder to close out its short positions;

- sell common stock short itself and redeliver such shares to close out its short positions;

enter into option or other types of transactions that require the selling stockholder to deliver common stock to a broker-dealer or an affiliate thereof, who will then resell or transfer the common stock under this prospectus; or

loan or pledge the common stock to a broker-dealer or an affiliate thereof, who may sell the loaned shares or, in an event of default in the case of a pledge, sell the pledged shares pursuant to this prospectus.

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A distribution of the common stock by the selling stockholder may also be effected through the issuance by the selling stockholder or others of derivative securities, including without limitation, warrants, exchangeable securities, forward delivery contracts and the writing of options.

Pledges; Certain Transfers and Donations

From time to time, the selling stockholder may pledge or grant a security interest in some or all of our common stock owned by it. If the selling stockholder defaults in the performance of its secured obligations, the pledgees or secured parties may offer and sell such common stock from time to time by this prospectus. The selling stockholder also may transfer and donate our common stock owned by it in other circumstances. The number of shares of our common stock beneficially owned by the selling stockholder will decrease as and when the selling stockholder transfers or donates its shares of our common stock or defaults in performing obligations secured by its shares of our common stock. The plan of distribution for the securities offered and sold under this prospectus will otherwise remain unchanged, except that each of the transferees, donees, pledgees, other secured parties or other successors in interest will be a selling stockholder for purposes of this prospectus. The names of any transferees, donees, pledgees, or other secured parties or other successors in interest selling common stock under this prospectus will be included in the applicable prospectus supplement.

EXPERTS

The consolidated financial statements incorporated in the registration statement of which this prospectus is a part by reference to the Annual Report on Form 10-K for the years ended December 31, 2002 and 2001, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent auditors, given on the authority of said firm as experts in auditing and accounting.

LEGAL MATTERS

The validity of the issuance of any securities offered under this prospectus will be passed upon for us by our lawyers, Haynes and Boone, LLP. Counsel named in the prospectus supplement will issue opinions about the validity of the securities for any agents, dealers or underwriters.