

KAR Auction Services, Inc.  
 Form 4  
 December 15, 2009

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 ValueAct Holdings, L.P.

2. Issuer Name and Ticker or Trading Symbol  
 KAR Auction Services, Inc. [KAR]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 435 PACIFIC AVENUE, 4TH FLOOR,  
 (Street)

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 12/11/2009

\_\_\_\_ Director  
 \_\_\_\_ Officer (give title below)  
 10% Owner  
 \_\_\_\_ Other (specify below)

SAN FRANCISCO, CA 94133

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 \_\_\_\_ Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$.01 per share	12/11/2009		P		1,725,000	A	\$ 11.63	1,725,000	I	See footnotes (1) (2)
Common Stock, par value \$.01 per share	12/14/2009		P		25,000	A	\$ 11.99	1,750,000	I	See footnotes (1) (2)
Common Stock, par value \$.01 per share	12/14/2009		P		63,828	A	\$ 11.96	1,813,828	I	See footnotes (1) (2)

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Common Stock, par value \$.01 per share	12/15/2009	P	100,000	A	\$ 11.89	1,913,828	I	See footnotes <u>(1)</u> <u>(2)</u>
Common Stock, par value \$.01 per share						22,568,190	I	See footnotes <u>(2)</u> <u>(3)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.** SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Benef Own Follo Repo Trans (Instr
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V (A) (D)		

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ValueAct Holdings, L.P. 435 PACIFIC AVENUE, 4TH FLOOR SAN FRANCISCO, CA 94133		X		
ValueAct Capital Master Fund, L.P. 435 PACIFIC AVENUE 4TH FLOOR SAN FRANCISCO, CA 94133		X		
VA Partners I, LLC 435 PACIFIC AVENUE, 4TH FLOOR SAN FRANCISCO, CA 94133		X		

ValueAct Capital Management, L.P.  
435 PACIFIC AVENUE, 4TH FLOOR X  
SAN FRANCISCO, CA 94133

ValueAct Capital Management, LLC  
435 PACIFIC AVENUE, 4TH FLOOR X  
SAN FRANCISCO, CA 94133

ValueAct Holdings GP, LLC  
435 PACIFIC AVENUE, 4TH FLOOR X  
SAN FRANCISCO, CA 94133

## Signatures

VALUEACT HOLDINGS, L.P., By: VALUEACT HOLDINGS GP, LLC, its General Partner, By:/s/ George F. Hamel. Jr., Chief Operating Officer 12/15/2009  
 \_\_Signature of Reporting Person Date

VALUEACT CAPITAL MASTER FUND, L.P., By: VA PARTNERS I, LLC, its General Partner, By:/s/ George F. Hamel. Jr., Chief Operating Officer 12/15/2009  
 \_\_Signature of Reporting Person Date

VA PARTNERS I, LLC, By:/s/ George F. Hamel. Jr., Chief Operating Officer 12/15/2009  
 \_\_Signature of Reporting Person Date

VALUEACT CAPITAL MANAGEMENT, L.P., By: VALUEACT CAPITAL MANAGEMENT, LLC, its General Partner, By:/s/ George F. Hamel. Jr., Chief Operating Officer 12/15/2009  
 \_\_Signature of Reporting Person Date

VALUEACT CAPITAL MANAGEMENT, LLC, By:/s/ George F. Hamel. Jr., Chief Operating Officer 12/15/2009  
 \_\_Signature of Reporting Person Date

VALUEACT HOLDINGS GP, LLC, By:/s/ George F. Hamel. Jr., Chief Operating Officer 12/15/2009  
 \_\_Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The securities reported herein are directly beneficially owned by ValueAct Capital Master Fund, L.P. and may be deemed to be indirectly beneficially owned by (i) VA Partners I, LLC as General Partner of ValueAct Capital Master Fund, L.P., (ii) ValueAct Capital Management, L.P. as the manager of ValueAct Capital Master Fund, L.P., (iii) ValueAct Capital Management, LLC as General Partner of ValueAct Capital Management, L.P., (iv) ValueAct Holdings, L.P. as the sole owner of the limited partnership interests of ValueAct Capital Management, L.P. and the membership interests of ValueAct Capital Management, LLC and as the majority owner of the membership interests of VA Partners I, LLC and (v) ValueAct Holdings GP, LLC as General Partner of ValueAct Holdings, L.P.

(2) Each reporting person listed herein disclaims beneficial ownership of the reported securities except to the extent of its pecuniary interest therein, and this report shall not be deemed an admission that such person is the beneficial owner of the securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.

(3) The reported stock is held of record by KAR Holdings II, LLC but is beneficially owned directly by ValueAct Capital Master Fund, L.P. by virtue of ValueAct Capital Master Fund, L.P.'s ownership interest in KAR Holdings II, LLC and may be deemed to be beneficially owned by (i) VA Partners I, LLC as General Partner of ValueAct Capital Master Fund, L.P., (ii) ValueAct Capital Management, L.P. as the manager of ValueAct Capital Master Fund, L.P., (iii) ValueAct Capital Management, LLC as General Partner of ValueAct Capital

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Management, L.P., (iv) ValueAct Holdings, L.P. as the sole owner of the limited partnership interests of ValueAct Capital Management, L.P. and the membership interests of ValueAct Capital Management, LLC, and as the majority owner of the membership interests of VA Partners I, LLC, and (v) ValueAct Holdings GP, LLC as General Partner of ValueAct Holdings, L.P.

### Remarks:

#### Joint Filer Information:

Name: ValueAct Capital Master Fund, L.P.  
Address: 435 Pacific Avenue, 4th Floor, San Francisco, CA 94133  
Designated Filer: ValueAct Holdings, L.P.  
Issuer & Ticker: KAR Auction Services, Inc. (KAR)  
Date of Event Requiring Statement: 12/11/2009

Name: VA Partners I, LLC  
Address: 435 Pacific Avenue, 4th Floor, San Francisco, CA 94133  
Designated Filer: ValueAct Holdings, L.P.  
Issuer & Ticker: KAR Auction Services, Inc. (KAR)  
Date of Event Requiring Statement: 12/11/2009

Name: ValueAct Capital Management, L.P.  
Address: 435 Pacific Avenue, 4th Floor, San Francisco, CA 94133  
Designated Filer: ValueAct Holdings, L.P.  
Issuer & Ticker: KAR Auction Services, Inc. (KAR)  
Date of Event Requiring Statement: 12/11/2009

Name: ValueAct Capital Management, LLC  
Address: 435 Pacific Avenue, 4th Floor, San Francisco, CA 94133  
Designated Filer: ValueAct Holdings, L.P.  
Issuer & Ticker: KAR Auction Services, Inc. (KAR)  
Date of Event Requiring Statement: 12/11/2009

Name: ValueAct Holdings GP, LLC  
Address: 435 Pacific Avenue, 4th Floor, San Francisco, CA 94133  
Designated Filer: ValueAct Holdings, L.P.  
Issuer & Ticker: KAR Auction Services, Inc. (KAR)  
Date of Event Requiring Statement: 12/11/2009

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.  
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