

KAR Auction Services, Inc.
 Form 4
 January 05, 2010

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,

3. Date of Earliest Transaction (Month/Day/Year)
 12/31/2009

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

(Street)

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

SAN FRANCISCO, CA 94133

(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	12/31/2009		P		100,000	A	\$ 13.71
					2,258,828	I	
Common Stock, par value \$.01 per share					22,568,190	I	

See footnotes (1) (2)

See footnotes (2) (3)

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

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SEC 1474 (9-02)

displays a currently valid OMB control number.

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. Number of Derivative Securities Owned Beneficially (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

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

Signatures

VALUEACT HOLDINGS, L.P., By: VALUEACT HOLDINGS GP, LLC, its General Partner, By:/s/ George F. Hamel. Jr., Chief Operating Officer	01/05/2010
__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	01/05/2010
__Signature of Reporting Person	Date
VA PARTNERS I, LLC, By:/s/ George F. Hamel. Jr., Chief Operating Officer	01/05/2010
__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	01/05/2010
__Signature of Reporting Person	Date
VALUEACT CAPITAL MANAGEMENT, LLC, By:/s/ George F. Hamel. Jr., Chief Operating Officer	01/05/2010
__Signature of Reporting Person	Date
VALUEACT HOLDINGS GP, LLC, By:/s/ George F. Hamel. Jr., Chief Operating Officer	01/05/2010
__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 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.

Edgar Filing: KAR Auction Services, Inc. - Form 4

Issuer & Ticker: KAR Auction Services, Inc. (KAR)

Date of Event Requiring Statement: 12/31/2009

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: 12/31/2009

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: 12/31/2009

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: 12/31/2009

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: 12/31/2009

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.