

KAR Auction Services, Inc.
Form SC 13G
February 16, 2010

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

SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No. _____)***

KAR Auction Services, Inc.
(Name of Issuer)
Common Stock, par value \$0.01 per share
(Title of Class of Securities)
48238T109
(CUSIP Number)
December 10, 2009
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

KAR Holdings II, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 106,853,660

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 106,853,660

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

106,853,660

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

79.4%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

00

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Kelso GP VII, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

00

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Kelso GP VII, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSONS.

1. I.R.S. Identification Nos. of above persons (entities only)

Kelso Investment Associates VII, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

KEP VI, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Philip E. Berney

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY

45,323,240

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON

-0-

8. WITH: SHARED DISPOSITIVE POWER

45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Frank K. Bynum, Jr.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES BENEFICIALLY OWNED BY

SHARED VOTING POWER

45,323,240

7. EACH REPORTING PERSON

SOLE DISPOSITIVE POWER

-0-

8. WITH: SHARED DISPOSITIVE POWER

45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Michael B. Goldberg

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Frank J. Loverro

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T1091

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

George E. Matelich

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Frank T. Nickell

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

David I. Wahrhaftig

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY

45,323,240

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON

-0-

8. WITH: SHARED DISPOSITIVE POWER

45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Thomas R. Wall, IV

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

James J. Connors, II

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 45,323,240

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Stanley de J. Osborne

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY 45,323,240

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON -0-

8. WITH: SHARED DISPOSITIVE POWER
45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Church M. Moore

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY

45,323,240

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON

-0-

8. WITH: SHARED DISPOSITIVE POWER

45,323,240

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

45,323,240

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

33.7%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Christopher L. Collins

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY 8,995,450

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON -0-

8. WITH: SHARED DISPOSITIVE POWER
8,995,450

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

8,995,450

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.69%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Axle Holdings II, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 27,326,090

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 27,326,090

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

27,326,090

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

20.3%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

PCap KAR LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY 6,018,230

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON -0-

8. WITH: SHARED DISPOSITIVE POWER
6,018,230

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,018,230

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

4.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Parthenon Investors II, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY 7,426,468

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON -0-

8. WITH: SHARED DISPOSITIVE POWER
7,426,468

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,426,468

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

PCIP Investors

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 68,243

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 68,243

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

68,243

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.05%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

J&R Founders Fund II, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 110,414

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 110,414

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

110,414

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.08%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Parthenon Investors III, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY

7,426,468

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON

-0-

8. WITH: SHARED DISPOSITIVE POWER

7,426,468

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,426,468

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Ernest K. Jacquet

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 178,119

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 178,119

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

178,119

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.13%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

John C. Rutherford

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY 7,426,468

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON -0-

8. WITH: SHARED DISPOSITIVE POWER
7,426,468

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,426,468

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

William C. Kessinger

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY

7,426,468

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON

-0-

8. WITH: SHARED DISPOSITIVE POWER

7,426,468

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,426,468

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

David Ament

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 7,426,468

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 7,426,468

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,426,468

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

Brian Golson

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 7,426,468

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 7,426,468

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,426,468

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

J&R Advisors F.F., LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY 2,847,350

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON -0-

8. WITH: SHARED DISPOSITIVE POWER
2,847,350

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,847,350

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.1%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

ValueAct Capital Master Fund, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
 (b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
 United States of America

5. SOLE VOTING POWER
 NUMBER OF -0-

6. SHARED VOTING POWER
 SHARES BENEFICIALLY OWNED BY 24,827,018

7. SOLE DISPOSITIVE POWER
 EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
 WITH: 24,827,018

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

24,827,018

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

18.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

VA Partners I, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY 24,827,018

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON -0-

8. WITH: SHARED DISPOSITIVE POWER
24,827,018

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

24,827,018

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

18.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

ValueAct Capital Management, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 24,827,018

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 24,827,018

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

24,827,018

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

18.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

ValueAct Capital Management, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

5. SOLE VOTING POWER
NUMBER OF -0-

6. SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 24,827,018

7. SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8. SHARED DISPOSITIVE POWER
WITH: 24,827,018

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

24,827,018

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

18.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

ValueAct Holdings, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY

24,827,018

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON

-0-

8. WITH: SHARED DISPOSITIVE POWER

24,827,018

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

24,827,018

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

18.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 48238T109

NAMES OF REPORTING PERSON.

1. I.R.S. Identification Nos. of above persons (entities only)

ValueAct Holdings GP, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2. (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER

NUMBER OF -0-

6. SHARES SHARED VOTING POWER
BENEFICIALLY OWNED BY

24,827,018

7. EACH SOLE DISPOSITIVE POWER
REPORTING PERSON

-0-

8. WITH: SHARED DISPOSITIVE POWER

24,827,018

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

24,827,018

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

18.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

Item 1.

(a) Name of Issuer:

KAR Auction Services, Inc.

(b) Address of Issuer's Principal Executive Offices:

13085 Hamilton Crossing Boulevard
Carmel, Indiana 46032

Item 2.

(a) Name of Person Filing:

KAR Holdings II, LLC

KELSO GROUP

Kelso GP VII, LLC

Kelso GP VII, L.P.

Kelso Investment Associates VII, L.P.

KEP VI, LLC

Philip E. Berney

Frank K. Bynum, Jr.

Michael B. Goldberg

Frank J. Loverro

George E. Matelich

Frank T. Nickell

David I. Wahrhaftig

Thomas R. Wall, IV

James J. Connors, II

Stanley de J. Osborne

Church M. Moore

Christopher L. Collins

PARTHENON GROUP

PCap KAR LLC

Parthenon Investors II, L.P.

PCIP Investors

J&R Founders Fund II, L.P.

Parthenon Investors III, L.P.

Ernest K. Jacquet

John C. Rutherford

William C. Kessinger

David Ament

Brian Golson

J&R Advisors F.F., LLC

VALUEACT GROUP

ValueAct Capital Master Fund, L.P.

VA Partners I, LLC

ValueAct Capital Management, L.P.

ValueAct Capital Management, LLC

ValueAct Holdings, L.P.

ValueAct Holdings GP, LLC

Axle Holdings II, LLC

(b) Address of Principal Business Office, or if none, Residence:

KAR HOLDINGS II, LLC

c/o Kelso & Company, L.P.

320 Park Avenue, 24th Floor

New York, NY 10022

KELSO GROUP

c/o Kelso & Company, L.P.

320 Park Avenue, 24th Floor

New York, NY 10022

PARTHENON GROUP

c/o Parthenon Capital

265 Franklin Street, 18th Floor

Boston, MA 02110

VALUEACT GROUP

c/o ValueAct Capital

435 Pacific Avenue, 4th Floor

San Francisco, CA 94133

AXLE HOLDINGS II, LLC

c/o Kelso & Company, L.P.

320 Park Avenue, 24th Floor

New York, NY 10022

(c) Citizenship:

See Item 4 of the cover pages attached hereto.

(d) Title of Class of Securities:

Common Stock, par value \$0.01 per share (the Common Stock)

(e) CUSIP Number:

48238T109

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

Not Applicable.

Item 4. Ownership (a) through (c)

(a) Amount beneficially owned

See Item 9 of the attached cover pages.

(b) Percent of class

See Item 11 of the attached cover pages. The figures reported in Item 11 of the attached cover pages are based upon the number of outstanding shares reported in the (i) quarterly report on Form 10-Q filed with the Securities and Exchange Commission by KAR Auction Services, Inc. on November 10, 2009 which reported the total outstanding shares of common stock, as of October 31, 2009, as 106,853,660, (ii) the current report on Form 8-K filed with the Securities and Exchange Commission by KAR Auction Services, Inc. on December 11, 2009, reporting that KAR Auction Services, Inc. sold an additional 25,000,000 shares of Common Stock through its initial public offering on December 10, 2009 and (iii) the current report on Form 8-K filed with the Securities and Exchange Commission by KAR Auction Services, Inc. on December 21, 2009, reporting that the underwriters of its initial public offering on December 10, 2009 have partially exercised their option to purchase additional shares, and as a result, KAR Auction Services, Inc. sold an additional 2,656,050 shares of Common Stock at the initial public offering price less the underwriting discount thereby increasing the total amount of shares of Common Stock issued and outstanding to 134,509,710.

(c) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote:

See Item 5 of the attached cover pages.

(ii) Shared power to vote or direct the vote:

See Item 6 of the attached cover pages.

(iii) Sole power to dispose or to direct the disposition:

See Item 7 of the attached cover pages.

(iv) Shared power to dispose or to direct the disposition:

See Item 8 of the attached cover pages.

Kelso GP VII, LLC (GP VII, LLC) is the general partner of Kelso GP VII, L.P. (GP VII, L.P.). GP VII, L.P. is the general partner of Kelso Investment Associates VII, LP (KIA VII). KIA VII is the majority owner of KAR Holdings II, LLC. Each of GP VII, LLC, GP VII L.P., and KIA VII disclaims beneficial ownership of the securities owned of record by KAR Holdings II, LLC, except to the extent of their respective pecuniary interests therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of all the reported securities for purposes of Sections 13(d), 13(g) or 16 of the Securities Exchange Act of 1934, as amended (the Act), or for any other purposes.

Each of GP VII, LLC, GP VII L.P., and KIA VII, due to their common control, could be deemed to beneficially own each other s securities. GP VII, LLC disclaims beneficial ownership of all of the securities owned of record, or deemed beneficially owned, by each of GP VII L.P. and KIA VII except to the extent of its pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of all the reported securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

GP VII L.P. disclaims beneficial ownership of all of the securities owned of record, or deemed beneficially owned, by each of GP VII, LLC and KIA VII, except, in the case of KIA VII, to the extent of its pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of all the reported securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

KIA VII disclaims beneficial ownership of all of the securities owned of record, or deemed beneficially owned, by each of GP VII, LLC and GP VII L.P., except to the extent of its pecuniary interest therein, if any, and the inclusion of these securities in this report shall not be deemed to be an admission of beneficial ownership of such securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

KIA VII and KEP VI, LLC (KEP VI), due to their common control, could be deemed to beneficially own each of the other s securities. KEP VI disclaims beneficial ownership of all of the securities owned of record, or deemed beneficially owned, by each of GP VII, LLC, GP VII L.P. and KIA VII, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of all the reported securities for purposes of Section 16 or for any other purposes. Each of GP VII, LLC, GP VII L.P. and KIA VII disclaims beneficial ownership of all of the securities owned of record, or deemed beneficially owned, by KEP VI, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of all the reported securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

KEP VI disclaims beneficial ownership of the securities owned of record by KAR Holdings, LLC, except to the extent of its pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of the reported securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

Messrs. Berney, Bynum, Goldberg, Loverro, Matelich, Nickell, Wahrhaftig, Wall, Connors, Osborne and Moore may be deemed to share beneficial ownership of securities owned of record by KAR Holdings II, LLC or indirectly by KIA VII, by virtue of their status as managing members of GP VII, LLC, but disclaim beneficial ownership of such securities, and this report shall not be deemed an admission that any of Messrs. Berney, Bynum, Goldberg, Loverro, Matelich, Nickell, Wahrhaftig, Wall, Connors, Osborne and Moore is the beneficial owner of these securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

Messrs. Berney, Bynum, Goldberg, Loverro, Matelich, Nickell, Wahrhaftig, Wall, Connors, Osborne, Moore and Collins may be deemed to share beneficial ownership of securities owned of record by KAR Holdings II, LLC or indirectly by KEP VI, by virtue of their status as managing members of KEP VI, but disclaim beneficial ownership of such securities, and this report shall not be deemed an admission that any of Messrs. Berney, Bynum, Goldberg, Loverro, Matelich, Nickell, Wahrhaftig, Wall, Connors, Osborne, Moore and Collins is the beneficial owner of these securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

Axle Holdings II, LLC (Axle) may be deemed to share beneficial ownership of shares of Common Stock owned of record by KAR Holdings II, LLC by virtue of its status as a member of KAR Holdings II, LLC. Axle shares investment and voting power along with the other members of KAR Holdings II, LLC with respect to the securities owned by KAR Holdings II, LLC, but disclaims beneficial ownership of such securities except to the extent of its pecuniary interest therein, if any, and the inclusion of these securities in this report shall not be deemed to be an admission of beneficial ownership of such securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

KIA VII, KEP VI, Parthenon Investors II, L.P., PCIP Investors and J&R Founders Fund II, L.P., due to their ownership interest in Axle, could be deemed to share beneficial ownership of securities owned of record by Axle. KIA VII, KEP VI, Parthenon Investors II, L.P., PCIP Investors and J&R Founders Fund II, L.P. share investment and voting power along with the other members of Axle with respect to securities owned by Axle, but disclaim beneficial ownership of such securities except to the extent of their pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed to be an admission of beneficial ownership of such securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

Messrs. Rutherford, Kessinger, Golson and Ament may be deemed to share beneficial ownership of securities owned of record by KAR Holdings II, LLC or indirectly by Parthenon Investors II, L.P., by virtue of their status as members of the investment committee of the general partner of Parthenon Investors II, L.P., but disclaim beneficial ownership of such securities, and this report shall not be deemed an admission that any of Messrs. Rutherford, Kessinger, Golson and Ament is the beneficial owner of these securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

Messrs. Rutherford, Kessinger, Golson and Ament may be deemed to share beneficial ownership of securities owned of record by KAR Holdings II, LLC or indirectly by Parthenon Investors III, L.P., by virtue of their status as members of the investment committee of the general partner of Parthenon Investors III, L.P., but disclaim beneficial ownership of such securities, and this report shall not be deemed an admission that any of Messrs. Rutherford, Kessinger, Golson and Ament is the beneficial owner of these securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

J&R Advisors F.F., LLC is the general partner of J&R Founders Fund II, L.P. J&R Advisors F.F., LLC disclaims beneficial ownership of the securities owned of record by KAR Holdings II, LLC or indirectly by J&R Founders Fund II, L.P., except to the extent of its pecuniary interests therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of all the reported securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

Messrs. Jacquet and Rutherford may be deemed to share beneficial ownership of securities owned of record by KAR Holdings II, LLC or indirectly by J&R Founders Fund II, L.P., by virtue of their control of J&R Advisors F.F., LLC, but disclaim beneficial ownership of such securities, and this report shall not be deemed an admission that any of Messrs. Jacquet and Rutherford is the beneficial owner of these securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

2,258,828 shares of 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. 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 Sections 13(d), 13(g) or 16 of the Act, or for any other purpose.

22,568,190 shares of the reported stock held of record by KAR Holdings II, LLC 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. Each reporting person listed in this paragraph 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 Sections 13(d), 13(g) or 16 of the Act, or for any other purpose.

Messrs. Jeffrey W. Ubben, G. Mason Morfit and George F. Hamel may be deemed to share beneficial ownership of securities owned of record by KAR Holdings II, LLC or indirectly by ValueAct Holdings GP, LLC, by virtue of serving on the management board of ValueAct Holdings GP, LLC, but disclaim beneficial ownership of such securities, and this report shall not be deemed an admission that any of Messrs. Ubben, Morfit and Hamel is the beneficial owner of these securities for purposes of Sections 13(d), 13(g) or 16 of the Act, or for any other purposes.

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Not applicable as this statement is filed pursuant to Rule 13d-1(d).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 16, 2010

KAR Holdings II, LLC

Signature: *

KELSO GP VII, LLC

Signature: *

By:

KELSO GP VII, L.P.

Signature: *

By:

KELSO INVESTMENT ASSOCIATES VII,
L.P

Signature: *

By:

KEP VI, LLC

Signature: *

By:

PHILIP E. BERNEY

Signature: *

FRANK K. BYNUM, JR.

Signature: *

MICHAEL B. GOLDBERG

Signature: *

FRANK J. LOVERRO

Signature: *

GEORGE E. MATELICH

Signature: *

FRANK T. NICKELL

Signature: *

DAVID I. WAHRHAFTIG

Signature: *

THOMAS R. WALL, IV

Signature: *

JAMES J. CONNORS, II

Signature: *

STANLEY DE J. OSBORNE

Signature: *

CHURCH M. MOORE

Signature: *

CHRISTOPHER L. COLLINS

Signature: /s/ Christopher L. Collins

AXLE HOLDINGS II, LLC

Signature: *

PCAP KAR LLC

Signature: /s/ David Ament

By: David Ament,
Authorized Signature

PARTHENON INVESTORS II, L.P.

Signature: /s/ David Ament

By: David Ament,
Authorized Signatory

PCIP INVESTORS

Signature: /s/ David Ament

By: /s/ David Ament

J&R FOUNDERS FUND II, L.P.

Signature: /s/ John C. Rutherford

By: John C. Rutherford,
Authorized Signatory

PARTHENON INVESTORS III, L.P.

Signature: /s/ David Ament

By: David Ament,
Authorized Signatory

ERNEST K. JACQUET

Signature: /s/ Ernest K. Jacquet

JOHN C. RUTHERFORD

Signature: /s/ John C. Rutherford

WILLIAM C. KESSINGER

Signature: /s/ William C. Kessinger

DAVID AMENT

Signature: /s/ David Ament

BRIAN GOLSON

Signature: /s/ Brian Golson

J&R ADVISORS F.F., LLC

Signature: /s/ John C. Rutherford

By: John C. Rutherford,
Authorized Signatory

VALUEACT CAPITAL MASTER FUND, L.P.

Signature: George F. Hamel, Jr.

By: George F. Hamel, Jr.
Chief Operating Officer

VA PARTNERS I, LLC

Signature: /s/ George F. Hamel, Jr.

By: George F. Hamel, Jr.,
Chief Operating Officer

VALUEACT CAPITAL MANAGEMENT,
L.P.

Signature: /s/ George F. Hamel, Jr.

By: George F. Hamel, Jr.,
Chief Operating Officer

VALUEACT CAPITAL MANAGEMENT,
LLC

Signature: /s/ George F. Hamel, Jr.

By: George F. Hamel, Jr.,
Chief Operating Officer

VALUEACT HOLDINGS, L.P.

Signature: /s/ George F. Hamel, Jr.

By: George F. Hamel, Jr.,
Chief Operating Officer

VALUEACT HOLDINGS GP, LLC

Signature: /s/ George F. Hamel, Jr.

By: George F. Hamel, Jr.,
Chief Operating Officer

*By: /s/ Rosanna T. Leone
Name: Rosanna T. Leone
Attorney-in-fact**

**

The Powers of Attorney filed with the Securities and Exchange Commission with the Form 3s, dated December 10, 2009 in respect of the securities of KAR Auction Services, Inc. by Kelso GP VII, LLC, Kelso GP VII, L.P., Kelso Investment Associates VII, L.P., KEP VI, LLC, Axle Holdings II, LLC, Philip E. Berney, Frank K. Bynum, Jr., Michael B. Goldberg, Frank J. Loverro, George E. Matelich, Frank T. Nickell, David I. Wahrhaftig, Thomas R. Wall, IV, James J. Connors, II, Stanley de J. Osborne and Church M. Moore are hereby incorporated by reference. The Powers of Attorney filed with the Securities and Exchange Commission with the Form 3, dated December 28,

2009 in respect
of the securities
of KAR Auction
Services, Inc. by
KAR Holdings
II, LLC are
hereby
incorporated by
reference.