

KAR Auction Services, Inc.  
 Form 4  
 December 13, 2012

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
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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)  
 12/11/2012

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
 \_\_\_ Officer (give title below) \_\_\_ 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  
 \_\_\_X\_\_\_ 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 Ownership (Instr. 4) |
|---|--------------------------------------|--|--------------------------------|---|---|--|--|
|   |                                      |  | Code                           | V Amount (A) or (D) Price   |   |  |  |
| Common Stock, par value \$.01 per share | 12/11/2012                           |  | S(1)                           | 3,278,982 (1) D \$ 16.7125  | 20,198,036  | I  | 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)

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**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 Following Reporting Transaction (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.<br>435 PACIFIC AVENUE, 4TH FLOOR<br>SAN FRANCISCO, CA 94133              |               | X         |         |       |
| ValueAct Capital Master Fund, L.P.<br>435 PACIFIC AVENUE<br>4TH FLOOR<br>SAN FRANCISCO, CA 94133 |               | X         |         |       |
| VA Partners I, LLC<br>435 PACIFIC AVENUE, 4TH FLOOR<br>SAN FRANCISCO, CA 94133                   |               | X         |         |       |
| ValueAct Capital Management, L.P.<br>435 PACIFIC AVENUE, 4TH FLOOR<br>SAN FRANCISCO, CA 94133    |               | X         |         |       |
| ValueAct Capital Management, LLC<br>435 PACIFIC AVENUE, 4TH FLOOR<br>SAN FRANCISCO, CA 94133     |               | X         |         |       |
| ValueAct Holdings GP, LLC<br>435 PACIFIC AVENUE, 4TH FLOOR<br>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

12/13/2012

\_\_Signature of Reporting Person

Date

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|   |            |
|---|------------|
| VALUEACT CAPITAL MASTER FUND, L.P., By: VA PARTNERS I, LLC, its General Partner, By: /s/ George F. Hamel. Jr., Chief Operating Officer              | 12/13/2012 |
| __Signature of Reporting Person   | Date       |
| VA PARTNERS I, LLC, By: /s/ George F. Hamel. Jr., Chief Operating Officer   | 12/13/2012 |
| __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 | 12/13/2012 |
| __Signature of Reporting Person   | Date       |
| VALUEACT CAPITAL MANAGEMENT, LLC, By: /s/ George F. Hamel. Jr., Chief Operating Officer   | 12/13/2012 |
| __Signature of Reporting Person   | Date       |
| VALUEACT HOLDINGS GP, LLC, By: /s/ George F. Hamel. Jr., Chief Operating Officer  | 12/13/2012 |
| __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) Reflects sales of shares of common stock of KAR Auction Services, Inc. in a secondary offering by KAR Holdings II, LLC that closed on December 11, 2012.
- (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.  
Issuer & Ticker: KAR Auction Services, Inc. (KAR)  
Date of Event Requiring Statement: 12/11/2012

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: 12/11/2012

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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: 12/11/2012

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: 12/11/2012

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: 12/11/2012

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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