

Caruso Thomas J.  
Form 4  
December 13, 2012

**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 \*  
Caruso Thomas J.

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
President & CEO of ADESA

(Last) (First) (Middle)  
C/O: KAR AUCTION SERVICES,  
INC., 13085 HAMILTON  
CROSSING BOULEVARD  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/11/2012

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

CARMEL, IN 46032

(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 Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	12/11/2012		S	729 <sup>(1)</sup> D \$ 16.7125	4,291 <sup>(2)</sup>	I	By KAR Holdings II, LLC

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

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SEC 1474 (9-02)

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

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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. F. Derivative Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 10					(3)(4)(5) 08/20/2017		Common Stock	175,880 (3) (4) (5)
Employee Stock Option (right to buy)	\$ 16.677					(5)(6)(7) 08/19/2018		Common Stock	54,800 (5) (6) (7)
Employee Stock Option (right to buy)	\$ 13.46					(5)(8)(9) 03/01/2020		Common Stock	179,120 (5) (8) (9)
Employee Stock Option (right to buy)	\$ 14.44					(5)(10) 02/25/2021		Common Stock	100,000 (5) (10)

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

Caruso Thomas J.  
C/O: KAR AUCTION SERVICES, INC.  
13085 HAMILTON CROSSING BOULEVARD  
CARMEL, IN 46032

President & CEO of ADESA

## Signatures

/s/ Rebecca C. Polak, as  
Attorney-in-Fact

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. (the "Company") in a secondary offering by KAR Holdings II, LLC that closed on December 11, 2012.
- (2) Includes 4,291 shares of common stock held of record by KAR Holdings II, LLC, by virtue of the reporting person's common ownership interest in KAR Holdings II, LLC. The reporting person disclaims beneficial ownership of these securities, and this report shall not be deemed an admission that the reporting person is the beneficial owner of the securities for purposes of Section 16 or for any other purpose.
- (3) 43,970 of these options are service options that became exercisable as of the effective date of the Company's initial public offering.
- (4) 131,910 of these options are performance options that will vest as follows: 25% of these options vest if, during any consecutive 90-day period, the average closing price per share of the Company's common stock (or, the "average closing price") is at least \$20.00 and the closing price per share of the Company's common stock on the last day of such 90-day period (or, the "last day closing price") is at least \$17.00; the next 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$25.00 and the last day closing price is at least \$21.25; the next 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$30.00 and the last day closing price is at least \$25.50; and the remaining 25% of these options vest if during any consecutive 90-day period, the average closing price is at least \$35.00 and the last day closing price is at least \$29.75.
- (5) An additional condition to vesting is that the reporting person must be a director, officer, employee, consultant or agent of the Company or any of its subsidiaries on the date on which the conditions set forth above are satisfied.
- (6) 13,700 of these options are service options that became exercisable as of the effective date of the Company's initial public offering.
- (7) 41,100 of these options are performance options that will vest as follows: 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$20.00 and the last day closing price is at least \$17.00; the next 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$25.00 and the last day closing price is at least \$21.25; the next 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$30.00 and the last day closing price is at least \$25.50; and the remaining 25% of these options vest if during any consecutive 90-day period, the average closing price is at least \$35.00 and the last day closing price is at least \$29.75.
- (8) 44,780 of these options are service options that vest based upon the passage of time and the reporting person's continued service with the Company. 25% of these options became exercisable on 3/1/2011, 25% of these options became exercisable on 3/1/2012, 25% of these options become exercisable on 3/1/2013, and the remaining 25% of these options become exercisable on 3/1/2014.
- (9) 134,340 of these options are performance options that will vest as follows: 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$20.00 and the last day closing price is at least \$17.00; the next 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$25.00 and the last day closing price is at least \$21.25; the next 25% of these options vest if, during any consecutive 90-day period, the average closing price is at least \$30.00 and the last day closing price is at least \$25.50; and the remaining 25% of these options vest if during any consecutive 90-day period, the average closing price is at least \$35.00 and the last day closing price is at least \$29.75.
- (10) These options are service options that vest based upon the passage of time and the reporting person's continued service with the Company. 25% of these options became exercisable on 2/25/2012, 25% of these options become exercisable on 2/25/2013, 25% of these options become exercisable on 2/25/2014, and the remaining 25% of these options become exercisable on 2/25/2015.

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.