

KAR Auction Services, Inc.

Form 4

February 27, 2017

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

## OMB APPROVAL

OMB  
Number: 3235-0287  
Expires: January 31,  
2005  
Estimated average  
burden hours per  
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**HALLETT JAMES P**

(Last) (First) (Middle)

**C/O: KAR AUCTION SERVICES,  
INC., 13085 HAMILTON  
CROSSING BOULEVARD**

(Street)

**CARMEL, IN 46032**

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
**02/23/2017**

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

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

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

Chief Executive Officer

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

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

| 1. Title of<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3.<br>Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired<br>or Disposed of<br>(A) or (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------|
| Common<br>Stock                       |                                         |                                                             |                                         |                                                                               | 155,186.9567<br>(1)                                                                                             | D                                                                    |                                         |
| Common<br>Stock                       | 02/23/2017                              |                                                             | M                                       | 7,295 A                                                                       | \$ 0<br>(2)                                                                                                     | 7,295                                                                | D                                       |
| Common<br>Stock                       | 02/23/2017                              |                                                             | F(3)                                    | 2,309 D                                                                       | \$<br>44.8                                                                                                      | 4,986                                                                | D                                       |

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  
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SEC 1474  
(9-02)

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) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|
|                                            |                                                        |                                      |                                                    | Code                           | V (A) (D)                                                                               | Date Exercisable Expiration Date                         | Title Amount Number Shares                                    |
| Employee Stock Option (right to buy)       | \$ 13.46                                               |                                      |                                                    |                                |                                                                                         | (4) 03/01/2020                                           | Common Stock 150,000                                          |
| Employee Stock Option (right to buy)       | \$ 30.89                                               |                                      |                                                    |                                |                                                                                         | (5) 02/27/2024                                           | Common Stock 194,000                                          |
| Restricted Stock Units                     | (6)                                                    |                                      |                                                    |                                |                                                                                         | (7) (7)                                                  | Common Stock 6,400                                            |
| Restricted Stock Units                     | (6)                                                    | 02/23/2017                           |                                                    | A                              | 21,884                                                                                  | (8) (8)                                                  | Common Stock 21,884                                           |
| Restricted Stock Units                     | (2)                                                    | 02/23/2017                           |                                                    | M                              | 7,295                                                                                   | (9) (9)                                                  | Common Stock 7,295                                            |

## Reporting Owners

| Reporting Owner Name / Address                                                                              | Relationships                    |
|-------------------------------------------------------------------------------------------------------------|----------------------------------|
|                                                                                                             | Director 10% Owner Officer Other |
| HALLETT JAMES P<br>C/O: KAR AUCTION SERVICES, INC.<br>13085 HAMILTON CROSSING BOULEVARD<br>CARMEL, IN 46032 | X Chief Executive Officer        |

## Signatures

Rebecca C. Polak as Attorney  
In Fact 02/27/2017

\_\_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) Includes 621,817 shares acquired (including 12,656 shares acquired by dividend reinvestment) pursuant to the Company's Employee Stock Purchase Plan on May 31, 2016.
- (2) Each restricted stock unit is convertible into a share of common stock on a 1-for-1 basis. The restricted stock units vested in common stock on February 23, 2017.
- (3) Shares withheld by the Company to satisfy tax withholding requirements.
- (4) All of these options are currently exercisable.
- (5) 97,202 of these options are currently exercisable, 48,601 of these options become exercisable on February 27, 2017 and the remaining 48,601 options become exercisable on February 27, 2018, assuming continued employment through the applicable vesting date.
- (6) Each restricted stock unit is convertible into a share of common stock on a 1-for-1 basis.
- These restricted stock units remain subject to a time-vesting requirement and are scheduled to vest and settle in common stock as follows:
- (7) one-third of these restricted stock units vested on February 20, 2016, one-third of these restricted stock units vested on February 20, 2017 and the remaining one-third of these restricted stock units vest on February 20, 2018, assuming continued employment through the applicable vesting date.
- The compensation committee certified on February 23, 2017 that the Company achieved the 2016 net income performance goal for the restricted stock unit awards granted in 2016 under the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan. These restricted stock units remain subject to a time-vesting requirement and are scheduled to vest and settle in common stock as follows:
- (8) one-third of these restricted stock units vested on February 23, 2017, one-third of these restricted stock units vest on February 22, 2018 and the remaining one-third of these restricted stock units vest on February 22, 2019, assuming continued employment through the applicable vesting date.
- These restricted stock units remain subject to a time-vesting requirement and are scheduled to vest and settle in common stock as follows:
- (9) one-third of these restricted stock units vested on February 23, 2017, one-third of these restricted stock units vest on February 22, 2018 and the remaining one-third of these restricted stock units vest on February 22, 2019, assuming continued employment through the applicable vesting date.

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.