

NAM TAI PROPERTY INC.  
Form 6-K  
December 23, 2015

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

**Form 6 K**

**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the Month of December 2015**

**Commission File Number 001-31583**

**NAM TAI PROPERTY INC.**

**(Translation of registrant's name into English)**

**Namtai Industrial Estate East**  
**2 Namtai Road, Gushu, Xixiang**  
**Baoan District, Shenzhen**

**People's Republic of China**

**(Address of principal executive office)**

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b); 82- .

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NAM TAI PROPERTY INC.

Date: December 23, 2015

By: /s/ M.K. Koo

Name: M. K. Koo

Title: Executive Chairman

**NEWS RELEASE**

Investor relations contact:

Mr. Kevin McGrath  
Managing Partner of Cameron Associates  
Tel: 212-245-4577

E-mail: [kevin@cameronassoc.com](mailto:kevin@cameronassoc.com)

Please refer to the Nam Tai website ([www.namtai.com](http://www.namtai.com))  
or the SEC website ([www.sec.gov](http://www.sec.gov)) for Nam Tai press  
releases  
and financial statements.

**NAM TAI PROPERTY INC.**

**Announces Date of Report of Fourth Quarter 2015 Results and Payment of Quarterly Dividend**

SHENZHEN, PRC December 23, 2015 Nam Tai Property Inc. ( Nam Tai or the Company ) (NYSE Symbol: NTP) today announced the date of release of its fourth quarter results and payment of its quarterly dividend.

**Fourth Quarter Results**

The release of Nam Tai's fourth quarter financial results for the period ended December 31, 2015 will be on Monday, February 1, 2016 at 6:00 a.m. (EST).

**Dividend Reminder**

Nam Tai announced the record date for the Company's first quarter of 2016 cash dividend of \$0.02 per common share will be on December 31, 2015 and the dividend payment date will be before January 20, 2016.

**FORWARD-LOOKING STATEMENTS AND FACTORS THAT COULD CAUSE OUR SHARE PRICE TO DECLINE**

*Certain statements included in this press release, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, intend, estimate, anticipate, plan, seek or believe. These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations about future events. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially from the results, level of activities, performance, or achievements expressed or implied by the forward-looking statements, including, but not limited to, delay in the Company's ability to obtain all requisite permits and approvals from relevant government authorities in relation to the redevelopment of two parcels of properties in Gushu, Shenzhen, and Guangming, Shenzhen, respectively, and the successfully redevelopment of the two parcels of properties; the sufficiency of the Company's cash position and other sources of liquidity to fund its property developments; continued inflation and appreciation of the Renminbi against the US dollar; rising labor costs in China and changes in the labor supply and labor relations. In particular, you should consider the risks outlined under the heading Risk Factors in our most recent Annual Report on Form 20-F and in our Current Report filed from time to time on Form 6-K. The Company's decision to continue dividend payments in 2016 does not necessarily mean that dividend payments will continue thereafter. Whether future dividends will be declared depend upon the Company's future growth and earnings, of which there can be no assurance, as well as the Company's cash flow needs for further expansion. Accordingly, there can be no assurance that cash dividends on the Company's ordinary shares will be declared beyond those declared for 2016, what amount that dividends may be or whether such dividends, once declared for a specific period, will continue for*

*any future period, or at all. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. You should not rely upon forward-looking statements as predictions of future events. These forward-looking statements apply only as of the date of this press release and; as such, they should not be unduly relied upon as circumstances change. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstance occurring after the date of this release or those that might reflect the occurrence of unanticipated events.*

**ABOUT NAM TAI PROPERTY INC.**

We are a property development and management company located in Shenzhen, China. Prior to becoming a property development and management company, we were an electronic manufacturing service company. In April 2014, we ceased our LCM manufacturing business and turned our focus to re-developing two parcels of land in Gushu and Guangming, Shenzhen, China, by converting these two parcels of land that formally housed our manufacturing facilities into high-end commercial complexes. We believe our principal income in the future will be derived from rental income from our commercial complexes.

Nam Tai Property Inc. is a corporation registered in the British Virgin Islands and listed on the New York Stock Exchange (Symbol: NTP ).

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The actual value of the Operating Units cannot be determined until such time as an Exit Event occurs and all surrounding facts and circumstances are known. These amounts represent an estimate of the value of the Operating Units assuming an Exit Event occurred on the last business day of the year. For purposes of this estimate, we have assumed, based upon the performance of the Company in 2011, an estimated share price of \$133.29 per share. See "Compensation Discussion and Analysis KAR LLC Override Units" for a description of the Operating Units.

(3) Under the Group Term Life Policy, Mr. Loughmiller's designated beneficiary is entitled to a payment in an amount equal to two times his annual salary, not exceeding \$500,000.

(4) Long-term disability is a Company-paid benefit for all employees and only paid after 6 months on short-term disability. The benefit is 66.67% of base pay capped at \$10,000 per month.

**Thomas Caruso**

	Non-Equity Incentive Severance Pay(1)	KAR Stock Options(2)	Axle Override Units	KAR Override Units	Operating Unit Value	Operating Unit Value	Excise Gross-up	Other (Life Ins)	Total
Death	\$ 95,818	\$ 154,343					\$ 500,000(3)		\$ 750,161
Disability(4)	\$ 95,818	\$ 154,343							\$ 250,161
Voluntary Termination or for Cause									
Term w/o Cause or for Good Reason		\$ 154,343							\$ 154,343
After Change in Control	\$ 95,818	\$ 155,686							\$ 251,504

(1) The amount reported is equal to the amount payable to the named executive officer under the Annual Incentive Plan and assuming payment upon a change-in-control.

(2) The amount reported assumes a KAR common stock share price of \$13.50 which was the closing price on December 31, 2011.

(3) Under the Group Term Life Policy, Mr. Caruso's designated beneficiary is entitled to a payment in an amount equal to two times his annual salary, not exceeding \$500,000.

(4)

Long-term disability is a Company-paid benefit for all employees and only paid after 6 months on short-term disability. The benefit is 66.67% of base pay capped at \$10,000 per month.

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**Thomas O'Brien**

	Severance	Non-Equity Incentive Pay	KAR Stock Options	Axle Override Units Operating Units(1)	Value Units(2)	KAR Override Units Operating Units(3)	Value Excise UnitsGross-up	Other (Life Ins)	Total
Death	\$ 677,450			\$ 2,527,361		\$ 457,141		\$ 500,000(4)	\$ 4,161,952
Disability(5)	\$ 677,450			\$ 2,527,361		\$ 457,141			\$ 3,661,952
Voluntary Termination or for Cause									
Term w/o Cause or for Good Reason	\$ 1,127,314(6)								\$ 1,127,314
After Change in Control	\$ 1,792,851(6)	\$ 619,870(7)		\$ 2,527,361	\$ 1,338,663	\$ 457,141	\$ 211,084(8)		\$ 6,946,970

- (1) The actual value of the Operating Units cannot be determined until such time as an Exit Event occurs and all surrounding facts and circumstances are known. These amounts represent an estimate of the value of the Operating Units assuming an Exit Event occurred on the last business day of the year. For purposes of this estimate, we have assumed, based upon the performance of the Company in 2011, an estimated share price of \$64.81 per share. See "Compensation Discussion and Analysis Axle LLC Override Units" for a description of the Operating Units.
- (2) The actual value of the Value Units cannot be determined until such time as an Exit Event occurs and all surrounding facts and circumstances are known. These amounts represent an estimate of the value of the Value Units assuming an Exit Event occurred on the last business day of the year. For purposes of this estimate, we have made certain assumptions based upon the performance of the Company in 2011. Specifically, we have assumed:
- an equity multiple of 2.5297;
  - an estimated share price of \$64.81 per share; and
  - an internal rate on the Investor Members' investment in Axle LLC of at least 12%.
- See "Compensation Discussion and Analysis Axle LLC Override Units" for a description of the Value Units.
- (3) The actual value of the Operating Units cannot be determined until such time as an Exit Event occurs and all surrounding facts and circumstances are known. These amounts represent an estimate of the value of the Operating Units assuming an Exit Event occurred on the last business day of the year. For purposes of this estimate, we have assumed, based upon the performance of the Company in 2011, an estimated share price of \$133.29 per share. See "Compensation Discussion and Analysis KAR LLC Override Units" for a description of the Operating Units.
- (4) Under the Group Term Life Policy, Mr. O'Brien's designated beneficiary is entitled to a payment in an amount equal to two times his annual salary, not exceeding \$500,000.
- (5) Long-term disability is a Company-paid benefit for all employees and only paid after 6 months on short-term disability. The benefit is 66.67% of base pay capped at \$10,000 per month.
- (6) Based upon Mr. O'Brien's annual salary as of December 31, 2011.
- (7) The amount reported is equal to amount payable to the named executive officer under the Annual Incentive Plan.
- (8) Excise tax gross-up payable under Mr. O'Brien's employment agreement so that he is in the same after-tax position as he would have been had an excise tax not been payable. This calculation was made based on certain assumptions, not taking into account any reductions in parachute payments attributable to reasonable compensation payable before or after a change in control and not assigning any value to Mr. O'Brien's non-compete



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obligations. Actual excise tax amounts and tax gross-up payments, if any, would be calculated at the time of an actual change in control based on all factors and assumptions applicable at that time.

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*Peter Kelly*

	Severance	Non-Equity Incentive Pay	KAR Stock Options(1)	Excise Gross-up	Other (Life Ins)	Total
Death					\$ 500,000(2)	\$ 500,000
Disability						
Voluntary Termination or for Cause						
Term w/o Cause or for Good Reason	\$ 348,018(3)					\$ 348,018
After Change in Control			\$ 185,500			\$ 185,500

- (1) The amount reported assumes a KAR common stock share price of \$13.50 which was the closing price on December 31, 2011.
- (2) Under the Group Term Life Policy, Mr. Kelly's designated beneficiary is entitled to a payment in an amount equal to two times his annual salary, not exceeding \$500,000.
- (3) Based upon Mr. Kelly's base salary as of December 31, 2011 and up to 12 months of COBRA premium reimbursement.

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The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 23, 2012 of: (1) each person or entity who owns of record or beneficially 5% or more of any class of KAR Auction Services' voting securities of which 136,297,265 shares were outstanding as of March 23, 2012; (2) each of our directors and executive officers; and (3) all of our directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules of the SEC. To our knowledge, each stockholder will have sole voting and investment power with respect to the shares indicated as beneficially owned, unless otherwise indicated in a footnote to the following table. Unless otherwise indicated in a footnote, the business address of each person is our corporate address, c/o KAR Auction Services, Inc. 13085 Hamilton Crossing Boulevard, Carmel, Indiana 46032.

Name	Shares Beneficially Owned	
	Number of Shares(1)	Percentage of Class(2)
<b>Principal Stockholder:</b>		
<b>KAR Holdings II, LLC</b>	106,853,660	78.4%
<b>KELSO GROUP:</b>		
Kelso Investment Associates VII, L.P.(3)(4)	45,323,240	33.3%
KEP VI, LLC(3)(4)	45,323,240	33.3%
Frank T. Nickell(3)(4)(5)	45,323,240	33.3%
Thomas R. Wall, IV(3)(4)(5)	45,323,240	33.3%
George E. Matelich(3)(4)(5)	45,323,240	33.3%
Michael B. Goldberg(3)(4)(5)(6)	45,323,240	33.3%
David I. Wahrhaftig(3)(4)(5)	45,323,240	33.3%
Frank K. Bynum, Jr.(3)(4)(5)	45,323,240	33.3%
Philip E. Berney(3)(4)(5)	45,323,240	33.3%
Frank J. Loverro(3)(4)(5)	45,323,240	33.3%
James J. Connors, II(3)(4)(5)	45,323,240	33.3%
Church M. Moore(3)(4)(5)(6)	45,323,240	33.3%
Stanley de J. Osborne(3)(4)(5)	45,323,240	33.3%
Christopher L. Collins(3)(4)(5)	45,323,240	33.3%
<b>PARTHENON GROUP:</b>		
Parthenon Investors II, L.P. and related funds(7)(8)(9)	8,865,530	6.5%
<b>GOLDMAN GROUP:</b>		
GS Capital Partners VI Fund, L.P. and related funds(10)(11)	27,081,968	19.9%
<b>VALUEACT GROUP:</b>		
ValueAct Capital Master Fund, L.P.(12)(13)(26)(28)	23,371,818	17.1%
<b>AXLE HOLDINGS II, LLC(3)(27)</b>	27,326,090	20.0%
<b>Executive Officers and Directors</b>		
David J. Ament(6)		
Kelly J. Barlow(6)		
Warren W. Byrd(16)	46,740	*
Thomas J. Carella(6)(11)(24)(25)	27,081,968	19.9%
Thomas J. Caruso(17)	110,080	*
Brian T. Clingen(6)(14)	1,382,680	1%
Robert M. Finlayson(6)	11,459	*
Peter R. Formanek(6)	14,895	*
Michael B. Goldberg(3)(4)(5)(6)(25)	45,323,240	33.3%
Donald S. Gottwald(18)	70,880	*
James P. Hallett(6)(15)	119,050	*
Peter J. Kelly		
Eric M. Loughmiller(19)	15,910	*
Sanjeev K. Mehra(6)(11)(24)(25)	27,081,968	19.9%

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Name	Shares Beneficially Owned	
	Number of Shares(1)	Percentage of Class(2)
Church M. Moore(3)(4)(5)(6)(25)	45,323,240	33.3%
Thomas C. O'Brien(6)(20)	27,930	*
Rebecca C. Polak(21)	51,700	*
Benjamin Skuy(22)	93,005	*
Gregory P. Spivy(6)		
David Vignes(23)	72,285	*
Jonathan P. Ward(6)	11,459	*
<b>Executive officers and directors as a group (21 persons)(26)</b>	<b>74,433,281</b>	<b>54.6%</b>

\*

Less than one percent.

(1)

The number of shares includes shares of common stock subject to options exercisable within 60 days of March 23, 2012.

(2)

Shares subject to options exercisable within 60 days of March 23, 2012 are considered outstanding for the purpose of determining the percent of the class held by the holder of such option, but not for the purpose of computing the percentage held by others. Percentages for KAR LLC, Axle LLC, the members of the Kelso Group, the members of the Goldman Group, ValueAct Capital and the members of the Parthenon Group are reflective of beneficial ownership of KAR LLC common interests (which, in certain cases, includes beneficial ownership of KAR LLC common interests held by Axle LLC). Except as indicated, percentages for executive officers and directors are reflective of beneficial ownership of outstanding shares of KAR Auction Services (including shares that may be deemed to be owned by virtue of common ownership interests in KAR LLC or Axle LLC, as applicable).

(3)

The business address for these persons is c/o Kelso & Company, 320 Park Avenue, 24th Floor, New York, NY 10022.

(4)

Includes (i) 18,479,970 shares of common stock held of record by KAR LLC (which are attributable to Axle LLC), by virtue of Kelso Investment Associates VII, L.P., a Delaware limited partnership ("KIA VII"), ownership interest in Axle LLC, (ii) 4,575,990 shares of common stock held of record by KAR LLC (which are attributable to Axle LLC), by virtue of KEP VI, LLC, a Delaware limited liability company ("KEP VI"), ownership interest in Axle LLC, (iii) 17,847,820 shares of common stock held of record by KAR LLC, by virtue of KIA VII's ownership interest in KAR LLC and (iv) 4,419,460 shares of common stock held of record by KAR LLC, by virtue of KEP VI's ownership interest in KAR LLC. Kelso GP VII, LLC, a Delaware limited liability company ("GP VII, LLC"), is the general partner of Kelso GP VII, L.P., a Delaware limited partnership ("GP VII, L.P."). GP VII, L.P. is the general partner of KIA VII. KIA VII is the majority owner of KAR LLC. Each of GP VII, LLC, GP VII, L.P., and KIA VII disclaims beneficial ownership of the shares owned of record by KAR LLC, except to the extent of their respective pecuniary interests therein. 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 shares 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. GP VII, L.P. disclaims beneficial ownership of all of the shares 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. KIA VII disclaims beneficial ownership of all of the shares 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. KIA VII and KEP VI, due to their common control, could be deemed to beneficially own each of the other's shares. KEP VI disclaims beneficial ownership of all of the shares owned of record, or deemed beneficially owned, by each of GP VII, LLC, GP VII L.P. and KIA VII. Each of GP VII, LLC, GP VII L.P. and KIA VII disclaims beneficial ownership of all of the shares owned of record, or deemed beneficially owned, by KEP VI. KEP VI disclaims beneficial ownership of the shares owned of record by KAR Holdings, LLC, except to the extent of its pecuniary interest therein.

(5)

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 LLC or indirectly by KIA VII, by virtue of their status as managing members of GP VII, LLC, but disclaim beneficial



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ownership of such securities. Messrs. Berney, Bynum, Goldberg, Loverro, Matelich, Nickell, Wahrhaftig, Wall, Connors, Osborne, Moore and Collins may also be deemed to share beneficial ownership of securities owned of record by KAR LLC or indirectly by KEP VI, by virtue of their status as managing members of KEP VI, but disclaim beneficial ownership of such interests.

- (6) Members of our Board of Directors.
- (7) The business address for these persons is c/o Parthenon Capital, 265 Franklin Street, 18th Floor Boston, MA 02110.
- (8) Includes 6,018,180 shares of common stock beneficially owned by PCap KAR, LLC through KAR LLC. PCap KAR, LLC is controlled by Parthenon Investors II, L.P. and Parthenon Investors III, L.P. Also includes shares beneficially owned by the following entities by virtue of their ownership in Axle Holdings II, LLC, which in turn is a member of KAR LLC: (i) 2,766,570 shares through Parthenon Investors II, L.P., (ii) 38,070 shares through PCIP Investors, and (iii) 42,710 shares through J&R Founders Fund II, L.P.
- (9) Messrs. Kessinger, Golson and Ament may be deemed to share beneficial ownership of securities owned of record by KAR LLC or indirectly by Parthenon Investors II, L.P. or by Parthenon Investors III, L.P., by virtue of their control of Parthenon Investors II, L.P. and Parthenon Investors III, L.P., but disclaim beneficial ownership of such securities. 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 LLC or indirectly by J&R Founders Fund II, L.P., except to the extent of its pecuniary interests therein.
- (10) Shares reported are held of record by KAR LLC but are beneficially owned directly by GS Capital Partners VI Fund, L.P., GS Capital Partners VI Parallel, L.P., GS Capital Partners VI GmbH & Co. KG, GS Capital Partners VI Offshore Fund, L.P. GSCP VI Advisors, L.L.C., GSCP VI Offshore Advisors, L.L.C., Goldman, Sachs Management GP GMBH and GS Advisors VI, L.L.C. (together, the "Goldman Funds"). Affiliates of The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. are the general partner, managing limited partner or the managing partner of each of the Goldman Funds. Goldman, Sachs & Co. is the investment manager for certain of the Goldman Funds. Goldman, Sachs & Co. is a direct and indirect, wholly owned subsidiary of The Goldman Sachs Group, Inc. The Goldman Sachs Group, Inc. is a public entity and its common stock is publicly traded on the NYSE. The Goldman Sachs Group, Inc., Goldman, Sachs & Co. and the Goldman Funds share voting and investment power with certain of their respective affiliates. Each of The Goldman Sachs Group Inc. and Goldman, Sachs & Co. disclaims beneficial ownership of the common shares owned directly or indirectly by the Goldman Funds, except to the extent of its pecuniary interest therein, if any.
- (11) The business address for these persons is c/o Goldman, Sachs & Co., 200 West Street, New York, NY 10282.
- (12) Includes 22,568,190 shares of common stock held of record by KAR 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 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 of the foregoing reporting persons disclaims beneficial ownership of the reported stock except to the extent of their pecuniary interest therein.
- (13) The business address for these persons is c/o ValueAct Capital, 435 Pacific Avenue, 4th Floor, San Francisco, CA 94133.
- (14) Includes (i) 379,650 shares of common stock held of record by KAR LLC (which are attributable to Axle LLC), by virtue of Mr. Clingen's common ownership interest in Axle LLC, and (ii) 1,003,030 shares of common stock held of record by KAR LLC, by virtue of Mr. Clingen's common ownership interest in KAR LLC.

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- (15) Includes (i) 18,750 shares of common stock issuable pursuant to options that are exercisable within 60 days of March 23, 2012, and (ii) 100,300 shares of common stock held of record by KAR LLC, by virtue of Mr. Hallett's common ownership interest in KAR LLC.
- (16) Includes (i) 41,720 shares of common stock issuable pursuant to options that are exercisable within 60 days of March 23, 2012, and (ii) 5,020 shares of common stock held of record by KAR LLC, by virtue of Mr. Byrd's common ownership interest in KAR LLC.
- (17) Includes (i) 105,060 shares of common stock issuable pursuant to options that are exercisable within 60 days of March 23, 2012, and (ii) 5,020 shares of common stock held of record by KAR LLC, by virtue of Mr. Caruso's common ownership interest in KAR LLC.
- (18) Includes 70,880 shares of common stock issuable pursuant to options that are exercisable within 60 days of March 23, 2012.
- (19) Includes (i) 3,010 shares of common stock held of record by KAR LLC, by virtue of Mr. Loughmiller's common ownership interest in KAR LLC, and (ii) 12,900 shares of common stock owned by Mr. Loughmiller.
- (20) Includes (i) 25,920 shares of common stock held of record by KAR LLC (which are attributable to Axle LLC), by virtue of Mr. O'Brien's common ownership interest in Axle LLC, and (ii) 2,010 shares of common stock held of record by KAR LLC, by virtue of Mr. O'Brien's common ownership interest in KAR LLC.
- (21) Includes (i) 7,520 shares of common stock held of record by KAR LLC, by virtue of Ms. Polak's common ownership interest in KAR LLC, and (ii) 44,180 shares of common stock issuable pursuant to options that are exercisable within 60 days of March 23, 2012.
- (22) Includes (i) 62,925 shares of common stock issuable pursuant to options that are exercisable within 60 days of March 23, 2012, (ii) 25,080 shares of common stock held of record by KAR LLC, by virtue of Mr. Skuy's common ownership interest in KAR LLC, and (iii) 5,000 shares of common stock owned by Mr. Skuy.
- (23) Includes (i) 63,775 shares of common stock issuable pursuant to options that are exercisable within 60 days of March 23, 2012, (ii) 3,510 shares of common stock held of record by KAR LLC, by virtue of Mr. Vignes' common ownership interest in KAR LLC, and (iii) 5,000 shares of common stock owned by Mr. Vignes.
- (24) Messrs. Mehra and Carella are managing directors of Goldman, Sachs & Co. Mr. Mehra, Mr. Carella and The Goldman Sachs Group, Inc. each disclaims beneficial ownership of the common stock owned directly or indirectly by the Goldman Funds and Goldman Sachs & Co., except to the extent of his or its pecuniary interest therein, if any. Each of The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. disclaims beneficial ownership of the common shares owned directly or indirectly by the Goldman Funds, except to the extent of its pecuniary interest therein, if any.
- (25) Includes shares of common stock the beneficial ownership of which (i) Mr. Goldberg may be deemed to share, as described in footnote 5 above, (ii) Mr. Moore may be deemed to share, as described in footnote 5 above, (iii) Mr. Mehra may be deemed to share, as described in footnote 24 above, and (vi) Mr. Carella may be deemed to share, as described in footnote 24 above.
- (26) 803,628 shares of common stock 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 of the foregoing reporting persons disclaims beneficial ownership of the reported stock, except to the extent of their pecuniary interest therein.

- (27) Axle may be deemed to share beneficial ownership of shares of common stock owned of record by KAR LLC by virtue of its status as a member of KAR LLC. Axle shares investment and voting power along with the other members of KAR LLC with respect to the securities owned by KAR LLC, but disclaims beneficial ownership of such securities. KIA VII, KEP VI, Parthenon Investors II, L.P., PCIP Investors and J&R



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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 common shares except to the extent of their pecuniary interest therein.

- (28) 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 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 common shares.

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**CERTAIN RELATED PARTY RELATIONSHIPS**

**Review and Approval of Transactions with Related Persons**

Pursuant to our written related party transaction policy, the Company reviews relationships and transactions in which the Company, or one of its business units, and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest.

In the course of the review and approval of a related party transaction, the Board of Directors or the Audit Committee may consider the following factors:

the nature of the related person's interest in the transaction;

the material terms of the transaction, including, without limitation, the amount and type of transaction;

the importance of the transaction to the related person;

the importance of the transaction to the Company;

whether the transaction would impair the judgment of a director or executive officer to act in our best interest; and

any other matters that we deem appropriate.

Transactions in which the amount involved exceeds \$120,000 in which the Company, or one of its business units, was a participant and a related person had a direct or indirect material interest are disclosed in this proxy statement.

**Transaction with OPENLANE**

On October 3, 2011, ADESA completed its acquisition of OPENLANE. The transaction, which was valued at approximately \$210 million, resulted in OPENLANE becoming a wholly owned subsidiary of ADESA. In connection with the completion of the merger, Peter Kelly, who was a director, the Chief Executive Officer and the Chief Financial Officer of OPENLANE, has received or will receive consideration of approximately \$9,991,000 in exchange for his shares of common stock, options to acquire common stock, Series E Preferred Stock and Series H Preferred Stock of OPENLANE. This consideration assumes a full payout of the escrowed portion of the purchase price and also reflects the gross payout of the shares purchased by Mr. Kelly. Mr. Kelly remained the Chief Executive Officer and also was appointed the President of OPENLANE following completion of the merger and entered into an employment arrangement with ADESA. Under that arrangement, Mr. Kelly will receive a base salary of \$332,000 per year, an annual automobile allowance of \$18,000, a bonus opportunity of 100% (at target) of his base salary effective January 1, 2012, and a stock option grant of 350,000 shares of common stock of the Company. Mr. Kelly's spouse and brother have received or will receive consideration of approximately \$380,000 and \$1,422,000, respectively, in exchange for the surrender of their shares of capital stock of OPENLANE. This consideration assumes a full payout of the escrowed portion of the purchase price and also reflects the gross payout of the shares purchased by Mr. Kelly's spouse and brother.

**Agreements in Connection with the 2007 Transactions**

On December 22, 2006, KAR LLC entered into a definitive merger agreement to acquire ADESA. The merger occurred on April 20, 2007. Concurrently with the merger, IAA was contributed by affiliates of Kelso & Company and Parthenon Capital and IAA's management to KAR Auction Services. Both ADESA and IAA became wholly owned subsidiaries of KAR Auction Services, which was wholly-owned by KAR LLC prior to the Company's initial public offering. These events are



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referred to herein as the "2007 Transactions." Upon consummation of the 2007 Transactions, the Company entered into the agreements described below.

**Tag Along Rights.** The IAA continuing investors (as defined below) and KAR LLC entered into an agreement which granted the IAA continuing investors "tag-along rights" to sell their shares of common stock on a pro rata basis with KAR LLC in sales by KAR LLC to third parties. The "IAA continuing investors" are Thomas C. O'Brien, Scott P. Pettit, David R. Montgomery, Donald J. Hermanek, John W. Kett, John R. Nordin and Sidney L. Kerley.

**Registration Rights Agreement.** We entered into a registration rights agreement with KAR LLC and the IAA continuing investors. Under the terms of the registration rights agreement, KAR LLC (at the request of the initiating holders (i.e., two of Kelso, ValueAct Capital and Goldman, Sachs & Co.)) will have the right, subject to certain conditions, to make an unlimited number of requests that we use our best efforts to register under the Securities Act of 1933, as amended, the shares of our common stock owned by KAR LLC. In any demand registration, or if KAR Auction Services proposes to register any shares (subject to certain exceptions, such as benefit plan registrations), all of the parties to the registration rights agreement have "piggyback rights" to participate on a pro rata basis, subject to certain conditions, which in the case of KAR LLC will include the right of each member of KAR LLC to direct KAR LLC to include shares of common stock attributable to each such member of KAR LLC based on such member's ownership interest in KAR LLC.

**LLC Agreement.** Affiliates or designees of the Equity Sponsors, Axle LLC, certain of our executive officers and other employees and third parties entered into a second amended and restated limited liability company agreement of KAR LLC, or the LLC Agreement. The Equity Sponsors and their affiliates or designees and certain of our executive officers and other employees and third parties hold all of the Class A common units in KAR LLC. In addition, Axle LLC owns all of the Class B common units in KAR LLC. The Class B common units are identical to the Class A common units in all respects, except with respect to distributions. Distributions to holders of units in KAR LLC are made pro rata based on the number of units held by each such holder and the aggregate number of units eligible to participate in the distribution, plus the aggregate amount of distributions to the IAA continuing investors in respect of the options held (or any common stock obtained upon the exercise of such options) by them in Axle Holdings, Inc. that were converted into options to purchase our common stock pursuant to the conversion agreements described below; provided, however, that in order to prevent dilution to the holders (other than Axle LLC) of KAR LLC common units that would be caused by the distribution of amounts to the IAA continuing investors in respect of such options (or any such common stock), the amount available for distribution to Axle LLC in respect of the Class B common units held by Axle LLC is reduced dollar-for-dollar by the net amount distributed to the IAA continuing investors in respect of such converted options (or any common stock obtained upon the exercise of such options) in connection with such distribution. Prior to the completion of the Company's initial public offering, the provisions relating to the Class B common units were revised to reflect and appropriately adjust the dilution to the holders of Class A common units that is caused by the existence of the options held by the IAA continuing investors.

The LLC Agreement generally restricts the transfer of interests in KAR LLC owned by the Equity Sponsors (and their affiliates, designees or permitted transferees), Axle LLC, our management employees and executive officers and the other employees and third parties holding equity interests in KAR LLC (the "Holders"). Exceptions to this restriction include transfers of common interests by our management employees and executive officers party thereto for certain estate planning purposes and certain involuntary transfers by the Holders in connection with a default, foreclosure, forfeiture, divorce, court order or otherwise than by a voluntary decision of the continuing investor (so long as KAR LLC has been given the opportunity to purchase the interests subject to such involuntary transfer). In addition, each Holder has customary pro rata "tag-along" rights to sell their common

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interests in KAR LLC in the event of a proposed sale that is permitted by the LLC Agreement of common interests in KAR LLC by any of the Equity Sponsors or Axle LLC to a third party. Similarly, if any two of Kelso, Goldman, Sachs & Co. or ValueAct Capital elect to sell 80% or more of their common interests in KAR LLC to a third party, each of the remaining Holders is required to sell (upon exercise of such selling Holders' "drag-along" rights) a pro rata portion of their respective common interests based on their respective ownership of common interests to such third party at the same price as such selling Holders elect to sell their common interests. The LLC Agreement also provides Holders with certain "piggyback rights" with respect to participation in the registration of our shares pursuant to the registration rights agreement, described above.

**Conversion Agreements.** Each of the IAA continuing investors entered into a separate conversion agreement with us under which such IAA continuing investors exchanged, in connection with the 2007 Transactions, options to purchase common stock of Axle Holdings, Inc. for options to purchase our common stock. As a result of these conversion agreements, certain of the IAA continuing investors hold options to purchase our stock.

**Axle LLC Agreement.** Affiliates of Kelso, affiliates of Parthenon and Magnetite Asset Investors III, L.L.C., Brian T. Clingen, Dan Simon and the IAA continuing investors entered into the Amended and Restated Operating Agreement of Axle LLC, dated May 25, 2005, or the "Axle LLC Agreement." Affiliates of Kelso and Parthenon and Magnetite and Mr. Clingen and a trust established to monitor the estate of Mr. Simon own approximately 99.9% of the common interests in Axle LLC and the IAA continuing investors own less than 0.4%. The Axle LLC Agreement, among other things, provides that the IAA continuing investors were awarded profit interests in Axle LLC that may entitle such persons to a portion of the future appreciation in the value of the assets of Axle LLC. The holders of profit interests in Axle LLC are not entitled to receive shares of our common stock but are only entitled to participate, to the extent such profit interests are vested, in distributions from Axle LLC to its members (including Kelso and Parthenon and the IAA continuing investors). As a result, the existence of these profit interests only dilute the economic interests of the members in Axle LLC and will not dilute the holders of our common stock.

**Director Designation Agreement**

In connection with the Company's initial public offering, we entered into a director designation agreement that provides for the rights of KAR LLC to directly nominate individuals to our Board of Directors. In an amendment to the KAR LLC Agreement that was effective upon consummation of the initial public offering, the Equity Sponsors agreed to their respective rights to nominate the individuals that KAR LLC has the right to nominate under the director designation agreement, with such allocation to be generally based on the Equity Sponsors' relative indirect ownership of our outstanding common stock.

The director designation agreement provides that, for so long as KAR LLC owns more than 10% of our outstanding common stock, no change will be made to the size of the Board of Directors without the consent of KAR LLC. KAR LLC will have the right to nominate individuals to our Board of Directors at each meeting of stockholders where directors are to be elected and, subject to limited exceptions, we will include in the slate of nominees recommended to our stockholders for election as directors the number of individuals designated by KAR LLC as follows (depending on the percentage ownership of KAR LLC at the time of such election):

so long as KAR LLC owns more than 50% of our outstanding common stock, seven individuals;

so long as KAR LLC owns 50% or less but at least 30% of our outstanding common stock, six individuals;

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so long as KAR LLC owns less than 30% but at least 20% of our outstanding common stock, four individuals;

so long as KAR LLC owns less than 20% but at least 10% of our outstanding common stock, three individuals; and

so long as KAR LLC owns less than 10% but at least 5% of our outstanding common stock, one individual.

In addition, so long as KAR LLC has the right to nominate one or more directors under the director designation agreement and beneficially owns 50% or less of our outstanding common stock, and, under certain circumstances, including, in the event an Equity Sponsor loses the right to indirectly nominate an individual under the director designation agreement, each Equity Sponsor will have certain rights to appoint an individual to serve as a non-voting observer at meetings of our Board of Directors.

**Transactions with Goldman, Sachs & Co. and its Affiliates**

GS Capital Partners VI Fund, L.P. and other private equity funds affiliated with Goldman, Sachs & Co. beneficially own approximately 20% of our issued and outstanding common stock. Under the exchange and registration rights agreement entered into in connection with the 2007 Transactions, we agreed to file a "market-making" prospectus in order to enable Goldman, Sachs & Co. to engage in market-making activities for the Company's senior and senior subordinated notes. Goldman, Sachs & Co., acted as initial purchaser in the offering of the Company's senior and senior subordinated notes. Goldman Sachs Credit Partners L.P., an affiliate of GS Capital Partners VI Fund, L.P., was part of the banking syndicate for our credit facility. An affiliate of Goldman, Sachs & Co. was a counterparty to the interest rate swap agreement and interest rate cap agreement that we entered into in May 2009. The May 2009 swap agreement was terminated in May 2011 and the interest rate cap agreement expired in June 2011. Goldman, Sachs & Co. was an underwriter of the Company's initial public offering in 2009. In addition, Goldman, Sachs & Co. and its affiliates may in the future engage in commercial banking, investment banking or other financial advisory transactions with us and our affiliates.

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**REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS,  
NOMINATION OF DIRECTORS AND OTHER BUSINESS OF STOCKHOLDERS**

In order to submit stockholder proposals for the 2013 annual meeting of stockholders for inclusion in the Company's proxy statement pursuant to SEC Rule 14a-8, materials must be received by the Secretary at the Company's principal office in Carmel, Indiana, no later than December 14, 2012.

The proposals must comply with all of the requirements of SEC Rule 14a-8. Proposals should be addressed to: Rebecca C. Polak, Executive Vice President, General Counsel and Secretary, KAR Auction Services, Inc., 13085 Hamilton Crossing Boulevard, Carmel, IN 46032. As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion.

The Company's By-Laws also establish an advance notice procedure with regard to director nominations and stockholder proposals that are not submitted for inclusion in the proxy statement, but that a stockholder instead wishes to present directly at an annual meeting. To be properly brought before the 2013 annual meeting, a notice of the nomination or the matter the stockholder wishes to present at the meeting must be delivered to the Secretary at the Company's principal office in Carmel, Indiana (see above), not less than 90 or more than 120 days prior to the first anniversary of the date of this year's annual meeting. As a result, any notice given by or on behalf of a stockholder pursuant to these provisions of the Company's By-Laws (and not pursuant to SEC Rule 14a-8) must be received no earlier than January 17, 2013, and no later than February 16, 2013. All director nominations and stockholder proposals must comply with the requirements of the Company's By-Laws, a copy of which may be obtained at no cost from the Secretary of the Company.

Other than the two proposals described in this proxy statement, KAR Auction Services does not expect any matters to be presented for a vote at the annual meeting. If you grant a proxy, the persons named as proxy holders on the proxy card will have the discretion to vote your shares on any additional matters properly presented for a vote at the annual meeting. If for any unforeseen reason, any one or more of KAR Auction Services' nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board of Directors.

The chairman of the meeting may refuse to allow the transaction of any business not presented beforehand, or to acknowledge the nomination of any person not made in compliance with the foregoing procedures.















