

KAR Auction Services, Inc.
 Form 4
 December 19, 2016

FORM 4

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

OMB APPROVAL

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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 *
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)
12/15/2016

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 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 Beneficial Ownership (Instr. 4)	
Common Stock	12/15/2016		A	V	293,081.1389 (1)	A	\$ 0 (2) (3) 298,097.5708	D
Common Stock	12/15/2016		F(4)		135,551	D	\$ 43.25 162,546.5708	D

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. F...	
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 13.46					<u>(5)</u> 03/01/2020	Common Stock	150,000	
Employee Stock Option (right to buy)	\$ 30.89					<u>(6)</u> 02/27/2024	Common Stock	194,404	
Restricted Stock Units	<u>(7)</u>					<u>(8)</u> <u>(8)</u>	Common Stock	12,862	

Reporting Owners

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

Signatures

Rebecca C. Polak as Attorney
In Fact
12/19/2016
Date

**Signature of Reporting Person

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)

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The number of performance-based restricted stock units that vested was determined based on the Company's total stockholder return relative to that of companies within the S&P 500 Index over a three-year period from December 13, 2013 through December 13, 2016.

- (2) Each performance-based restricted stock unit is convertible into a share of common stock on a 1-for-1 basis. The performance-based restricted stock units vested into common stock on December 15, 2016.
- (3) Includes 617,4319 shares acquired (including 4,0511 shares acquired by dividend reinvestment) pursuant to the Company's Employee Stock Purchase Plan on May 31, 2016.
- (4) Shares withheld by the Company to satisfy tax withholding requirements.
- (5) All of these options are currently exercisable.
- (6) 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.
- (7) 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 20, 2016.

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 20, 2016, one-third of these restricted stock units vest 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.

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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