

Peter Kelly
Form 4
February 08, 2018

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 *
Peter Kelly

(Last) (First) (Middle)

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

(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)

02/06/2018

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)
CTO & Pres of Digital Srvs Grp

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	02/06/2018		A	V Amount 12,483.0857 (1)	(A) or (D) Price \$ 0 (2) (3) 14,910.7826	D	
Common Stock	02/06/2018		F(4)	V Amount 5,091	D \$ 51.04 9,819.7826	D	

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

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(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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 12.97					<u>(5)</u>	11/04/2021	Common Stock	170,000
Restricted Stock Units	<u>(6)</u>					<u>(7)</u>	<u>(7)</u>	Common Stock	953
Restricted Stock Units	<u>(6)</u>					<u>(8)</u>	<u>(8)</u>	Common Stock	2,214
Restricted Stock Units	<u>(6)</u>	02/06/2018		A	3,106	<u>(9)</u>	<u>(9)</u>	Common Stock	3,106

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Peter Kelly
C/O: KAR AUCTION SERVICES, INC.
13085 HAMILTON CROSSING BLVD.
CARMEL, IN 46032

CTO & Pres of Digital Srvs Grp

Signatures

Rebecca C. Polak as
Attorney-in-Fact

02/08/2018

__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)

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The number of performance-based restricted stock units that vested was determined based on the Company's cumulative adjusted net income per share exceeding certain levels over the three-year period beginning on January 1, 2015 and ending on December 31, 2017.

- (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 February 6, 2018.
- (3) Includes 615.6970 shares acquired (including 24.4008 shares acquired by dividend reinvestment) pursuant to the Company's Employee Stock Purchase Plan.
- (4) Shares withheld by the Company to satisfy tax withholding requirements.
- (5) All of these options are currently exercisable.
- (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.

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.

The compensation committee certified on February 6, 2018 that the Company achieved the 2017 net income performance goal for the restricted stock unit awards granted in 2017 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:

- (9) one-third of these restricted stock units vest on February 24, 2018, one-third of these restricted stock units vest on February 24, 2019 and the remaining one-third of these restricted stock units vest on February 24, 2020, 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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