

Caruso Thomas J.
Form 4
March 01, 2011

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.

(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)
02/25/2011

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)
President and CEO of ADESA

6. Individual or Joint/Group Filing(Check Applicable Line)
X 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 Ownership (Instr. 4)
Common Stock				(A) or (D)	5,000 ⁽¹⁾	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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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	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)	\$ 10					<u>(2)(3)(8)</u>	08/20/2017	Common Stock	175,880 <u>(2) (3) (8)</u>
Employee Stock Option (right to buy)	\$ 16.677					<u>(4)(5)(8)</u>	08/19/2018	Common Stock	54,800 <u>(4) (5) (8)</u>
Employee Stock Option (right to buy)	\$ 13.46					<u>(6)(7)(8)</u>	03/01/2020	Common Stock	179,120 <u>(6) (7) (8)</u>
Employee Stock Option (right to buy)	\$ 14.44	02/25/2011		A	100,000	<u>(9)</u>	02/25/2021	Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Caruso Thomas J. C/O KAR AUCTION SERVICES, INC. 13085 HAMILTON CROSSING BLVD. CARMEL, IN 46032			President and CEO of ADESA	

Signatures

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

03/01/2011

**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).

Includes 5,000 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.

(1) 43,970 of these options are service options that became exercisable as of the effective date of the Company's IPO.

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

(3) \$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.

(4) 13,700 of these options are service options that became exercisable as of the effective date of the Company's IPO.

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 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

(5) \$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.

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. These options will vest as follows: 25% of these options become exercisable on 3/1/2011, 25% of these options become 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.

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 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

(7) \$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) 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.

These options are service options that vest based upon the passage of time and the reporting person's continued service with the Company. These options will vest as follows: 25% of these options become 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% 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.

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