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employee's eligible compensation contributed to the 401(k) Plan and 50% on the next 2% of the employee's eligible compensation contributed to the 401(k) Plan. Employees are 100% vested in matching Company contributions when such contributions are made. The Company may make non-elective contributions to employees. Employees become 20% vested in non-elective contributions per year of service up to 100% vested after five years of service.

Potential Payments Upon Change of Control

Kurt's offer letter provides that, in the event of a change of control all his unvested options will become fully vested and exercisable. In addition, in the event of a change of control all of his account balances in the Company's 401(k) plan, including any unvested balances from Company matches, will automatically and fully vest. The Company will also reimburse him for the actual cost of COBRA coverage for up to the maximum period of time permitted by law if his employment terminates following a change of control.

Mike's offer letter provides that, solely in the event of his termination without "cause" or for "good reason" (as such terms are defined in Mike's offer letter) in connection with or within 12 months of a change of control, subject to his signing a standard release of claims, all his unvested options will become fully vested and exercisable. In addition, all of his account balances in the Company's 401(k) plan, including any unvested balances from Company matches, will automatically and fully vest and the Company will reimburse him for the actual cost of COBRA coverage for up to the maximum period of time permitted by law.

We currently have no formal change of control arrangements with Billy.

The Company expects to adopt a formal executive severance policy in connection with this offering.

Equity Compensation Plans and Stock Purchase Plans

The following description of each of our equity compensation plans is qualified by reference to the full text of those plans, which will be filed as exhibits to the registration statement of which this prospectus forms a part. Our equity compensation plans are designed to continue to give our company flexibility to make a wide variety of equity awards to reflect what the compensation committee believes at the time of such award will best motivate and reward our employees, directors, consultants and other service providers.

2012 Stock Purchase and Option Plan of Blue Buffalo Pet Products, Inc.

The purpose of the 2012 Plan is to align the interests of the officers, employees, directors, consultants and other key persons of Blue Buffalo with the interests of Blue Buffalo. The 2012 Plan is administered by the Compensation Committee of the Board of Directors of Blue Buffalo. The Compensation Committee has the authority to determine eligible participants in the 2012 Plan. Awards granted under the 2012 Plan may be in the form of stock options, stock appreciation rights, restricted stock awards, performance units, performance shares, or other awards not expressly provided for under the 2012 Plan. Stock options granted under the 2012 Plan may be either incentive stock options or nonqualified stock options. Stock option grants are made with exercise prices as determined by the Compensation Committee but shall not be less than the grant date fair market value in the case of incentive stock options. The Compensation Committee, in its sole discretion, may grant stock appreciation rights which allow the grantee to elect to receive upon the exercise of the option shares of stock with an aggregate fair market value equal to the excess of the fair market value of the shares of stock with respect to which the option is exercised over the aggregate exercise price of the option as determined on the exercise date. Restricted stock awards granted under the 2012 Plan are made with purchase prices as determined by the Compensation Committee and subject to conditions and restrictions as determined by the Compensation Committee on the grant date.