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tax rate if there is a significant change in our judgment. It is reasonably likely that our judgment would change with respect to the United States federal jurisdiction if our financial performance in that jurisdiction substantially improves. We do not believe that this is reasonably likely in the next 12 months. If and when our judgment changes, then the valuation allowances are adjusted through the provision for income taxes in the period in which this determination is made. Refer to Note 15 "Income Taxes" to our audited consolidated financial statements included elsewhere in this prospectus for additional information regarding our income tax provision.

*Stock-based compensation.* We have a stock incentive plan for certain employees of ours and our affiliates (stock plan). This stock plan is at the FDH level which owns 100% of our equity interests. The stock plan provides the opportunity for certain employees to purchase shares in FDH and then receive a number of stock options or restricted stock based on a multiple of their investment in such shares. The plan also allows for us to award shares and options to certain employees. The expense associated with this plan is recorded by us. We use the Black-Scholes option pricing model to measure the fair value of stock option awards. We chose the Black-Scholes model based on our experience with the model and the determination that the model could be used to provide a reasonable estimate of the fair value of awards with terms such as those issued by FDH. Option-pricing models require estimates of a number of key valuation inputs including expected volatility, expected dividend yield, expected term, and risk-free interest rate. Certain of these inputs are more subjective due to FDH being privately held and thus not having objective historical or public information. The most subjective inputs are the expected term, expected volatility and determination of share value. The expected term is determined using probability weighted expectations and expected volatility is determined using a selected group of guideline companies as surrogates for FDH.

Periodically, we estimate the fair value of FDH common stock. We rely on the results of a discounted cash flow analysis but also consider the results of a market approach. The discounted cash flow analysis is dependent on a number of significant management assumptions regarding the expected future financial results of ours and FDH as well as upon estimates of an appropriate cost of capital. A sensitivity analysis is performed in order to establish a narrow range of estimated fair values for the shares of FDH common stock. The market approach consists of identifying a set of guideline public companies. Multiples of historical and projected EBITDA determined based on the guideline companies is applied to FDH's EBITDA in order to establish a range of estimated fair value for the shares of FDH common stock. We consider the results of both of these approaches. The concluded range of fair values is also compared to the value determined by the Board for use in transactions, including stock sales and repurchases. After considering all of these estimates of fair value, we then determine a single estimated fair value of the stock to be used in accounting for stock-based compensation.

As of December 31, 2014, time-based options were outstanding under the stock plan. The time options have a contractual term of 10 years. Time options vest equally over a three to five year period from the date of issuance. The options also have certain accelerated vesting provisions upon a change in control, a qualified public offering, or certain termination events.

The assumptions used in estimating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, stock-based compensation expense could be different in the future.

These valuations and estimates will not be necessary after the completion of this offering. Once we are public, we will rely on the public market price to determine the value of our common stock and any related stock-based compensation expense.

In connection with the HoldCo Merger, all Holdings stock option awards, Holdings restricted stock awards and Holdings restricted stock unit awards will be converted into awards on shares of our Class B common stock. For additional information regarding Holdings stock options and Holdings restricted stock, see "Narrative Disclosure to Summary Compensation Table and Grants of Plan Based Awards—Equity Awards."