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services industry and his extensive knowledge of our business and capital structure through his involvement with our Company since the 2007 Merger. With regard to Mr. Plumeri, our Board considered his many years of experience as chief executive officer and chairman of the board of a publicly held company.

### **Role of Board in Risk Oversight**

The Board has extensive involvement in the oversight of risk management related to us and our business and accomplishes this oversight through the regular reporting by the Audit Committee and the Risk Committee. The Risk Committee represents the Board by overseeing our risk governance structure, risk assessment, and risk management practices, and making recommendations to the Board regarding our willingness to accept risks and strategies related to key risks. The Audit Committee represents the Board by periodically reviewing our accounting, reporting and financial practices, including the integrity of our consolidated financial statements, the surveillance of administrative and financial controls and our compliance with legal and regulatory requirements. Through its regular meetings with management, including the finance, legal, and internal audit functions, the Audit Committee reviews and discusses all significant areas of our business and summarizes for the Board all areas of risk and the appropriate mitigating factors. In addition, our Board receives periodic detailed operating performance reviews from management.

Our Chief Executive Officer and other executive officers will regularly report to the non-executive directors and the Audit, the Governance, Compensation and Nominations and the Risk Committees to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The Head of Internal Audit will report administratively to our Chief Control Officer and directly to the Audit Committee. We believe that the leadership structure of our Board provides appropriate risk oversight of our activities given the controlling interests held by KKR.

### **Controlled Company Exception**

After the completion of this offering, KKR will not hold any of our Class A common stock, but will beneficially own 61% of our common stock through its beneficial ownership of our Class B common stock and, consequently, 73% of the combined voting power of our common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of the NYSE. Under such corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance standards, including (1) the requirement that a majority of the Board consist of independent directors, (2) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, (3) the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, and (4) the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. Following this offering, we intend to utilize these exemptions. As a result, following this offering, we will not have a majority of independent directors on our Board; and we will not have a nominating and corporate governance committee or a compensation committee that is composed entirely of independent directors. Also, such committee will not be subject to annual performance evaluations. Accordingly, stockholders of the Company will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. In the event that we cease to be a "controlled company," we will be required to comply with these provisions within the transition periods specified in the corporate governance rules of the NYSE.

### **Board Committees**

Our Board currently has, and upon the consummation of this offering will have, an Audit Committee, a Risk Committee, and a Governance, Compensation and Nominations Committee.