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Long-Term Incentive Compensation

As described above, equity compensation is at the heart of our compensation philosophy. Prior to this offering, Holdings granted long-term equity-based awards to our executives which were designed to promote our interests by providing our executives with the opportunity to acquire equity interests as an incentive for remaining in our service and aligning the interests of our executives with those of our ultimate equity holders. The long-term incentive awards were granted to our NEOs in the form of Holdings restricted stock and stock options. The Committee determined that granting our NEOs Holdings restricted stock, restricted stock units and stock options would meet our goals of fostering a culture of performance and commitment to our Company. Restricted stock serves as a retention tool for us and stock options serve as components of performance-based compensation because they only provide value to our NEOs if the value of Holdings stock appreciates. All equity-based awards were granted under the 2007 Equity Plan. Following this offering, all equity-based awards will be granted by us.

Fiscal 2014 Grants

On February 10, 2014, annual grants of Holdings stock options were made to Messrs. Bisignano and Winborne and annual grants of Holdings restricted stock were made to Messrs. Bisignano, Plumeri and Winborne, with amounts determined in the sole discretion of the Holdings Committee after considering a variety of factors, including their existing equity holdings, the vesting dates/terms of such existing holdings, the size of annual equity grants awarded to similarly situated executive officers based on market data and our recent experience in hiring executives and a desire to provide awards to our executive officers that would be reasonable and equitable in light of their respective roles and responsibilities within the Company. The Holdings Committee did not use any specific formula in determining the sizes of Holdings restricted stock and stock options granted to our named executive officers or assign any particular relative weightings to the various factors it considered but awarded long-term equity incentives in amounts that it believed were fair and reasonable in light of the factors listed above and would ensure that our executive officers have a continuing stake in our long-term success. Subject to continued employment through the applicable vesting date, these Holdings stock options vest 33% per year on each of the first three anniversaries of the date of grant and these Holdings restricted stock awards vest on the later of January 1, 2017 and the expiration of any underwriter-imposed transfer restrictions in connection with a Qualified Public Offering.

A Qualified Public Offering is defined in the Management Stockholder Agreement to which all restricted shares granted to NEOs are subject as an initial public offering (1) for which aggregate cash proceeds to be received by Holdings (or any successor thereto, including the Company following the merger of Holdings with the Company) from such offering (or series of offerings) (without deducting underwriter discounts, expenses and commissions) are at least \$400,000,000, or (2) pursuant to which at least 35% of the outstanding shares of Class B common stock are sold by Holdings (or any successor thereto, including the Company following the merger of Holdings with the Company).

On May 13, 2014, Ms. Armine-Klein and Mr. Das received special equity grants in the form of Holdings restricted stock and Holdings stock options in connection with the commencement of their employment and to replace equity holdings forfeited due to departing their previous employer. Subject to continued employment through the applicable vesting date, these Holdings stock options vest 20% per year on each of the first five anniversaries of the date of grant and these Holdings restricted stock awards will vest on the later of May 13, 2017 with respect to Mr. Das and May 31, 2016 with respect to Ms. Armine-Klein and the expiration of any underwriter-imposed transfer restrictions in connection with a Qualified Public Offering.

Also on May 13, 2014, Mr. Plumeri received a grant of Holdings stock options as a one-time option match for each share of Holdings stock he purchased, which options vest 33% per year on each of the first three anniversaries of the date of grant, subject to continued employment through each applicable vesting date. Mr. Plumeri made a personal investment to purchase 395,455 shares of Holdings stock in 2014, which further aligned his financial interests with those of our ultimate equity holders. In addition, Mr. Plumeri also received a