

INC Research Holdings, Inc.  
Form DEF 14A  
April 14, 2016  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to §240.14a-12.

**INC RESEARCH HOLDINGS, INC.**

**(Name of Registrant as Specified in its Charter)**

**N/A**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

Table of Contents

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



**Table of Contents**

**Notice of 2016 Annual Meeting and**

**Proxy Statement**

**Table of Contents**

**3201 Beechleaf Court, Suite 600**

**Raleigh, North Carolina 27604**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD MAY 24, 2016**

To the Stockholders of INC Research Holdings, Inc.:

Notice is hereby given that the Annual Meeting of Stockholders of INC Research Holdings, Inc. (the Company) will be held on May 24, 2016 at The Washington Duke Inn, 3001 Cameron Boulevard, Durham, NC 27705 at 8:00 a.m. EDT. The meeting is called for the following purposes:

1. To elect the three Class II directors named in the Proxy Statement for a term expiring at the 2019 annual meeting of stockholders or until their successors have been elected and qualified;
2. To hold an advisory (nonbinding) vote on executive compensation;
3. To hold an advisory (nonbinding) vote on the frequency of future stockholder advisory votes on executive compensation;
4. To approve the INC Research Holdings, Inc. 2016 Employee Stock Purchase Plan;
5. To approve the INC Research Holdings, Inc. 2014 Equity Incentive Plan, as Amended and Restated, including to increase the number of shares authorized for issuance and approve material terms under Code Section 162(m); and
6. To consider and take action upon such other matters as may properly come before the meeting or any adjournment or postponements thereof.

These matters are more fully described in the Proxy Statement accompanying this Notice.

## Edgar Filing: INC Research Holdings, Inc. - Form DEF 14A

If you were a stockholder of record of INC Research Class A common stock ( common stock ), as of the close of business on March 31, 2016, you are entitled to receive this Notice and vote at the Annual Meeting of Stockholders and any adjournments or postponements thereof, provided that the board of directors (the Board ), may fix a new record date for an adjourned meeting. Our stock transfer books will not be closed. A list of the stockholders entitled to vote at the meeting may be examined at our principal executive offices in Raleigh, North Carolina during ordinary business hours in the 10-day period preceding the meeting for any purposes related to the meeting.

We are pleased to take advantage of the U.S. Securities and Exchange Commission (the SEC ) rules that allow us to furnish these proxy materials (including an electronic Proxy Card for the meeting) and our 2015 Annual Report (including our 2015 Annual Report on Form 10-K) to stockholders via the Internet. On or about April 14, 2016, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and 2015 Annual Report to Stockholders and how to vote. We believe that posting these materials on the Internet enables us to provide stockholders with the information they need to vote more quickly, while lowering the cost and reducing the environmental impact of printing and delivering annual meeting materials.

**Table of Contents**

**You are cordially invited to attend the meeting. Whether or not you expect to attend, the Board respectfully requests that you vote your stock in the manner described in the Proxy Statement. You may revoke your proxy in the manner described in the Proxy Statement at any time before it has been voted at the meeting.**

By Order of the Board of Directors of INC Research Holdings, Inc.,

/s/ James T. Ogle

James T. Ogle

Chairman of the Board

Raleigh, North Carolina

Dated: April 14, 2016

Table of Contents

**INC RESEARCH HOLDINGS, INC.**

**Proxy Statement**

**for the**

**Annual Meeting of Stockholders**

**To Be Held May 24, 2016**

**TABLE OF CONTENTS**

	Page
<u>Information Concerning Solicitation and Voting</u>	ii
<u>PROPOSAL ONE - ELECTION OF DIRECTORS</u>	1
<u>Corporate Governance Matters</u>	6
<u>Audit Committee Report</u>	12
<u>Security Ownership of Certain Beneficial Owners and Management</u>	15
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	17
<u>Executive Compensation and Other Matters</u>	18
<u>Compensation Discussion and Analysis</u>	19
<u>PROPOSAL TWO - ADVISORY (NONBINDING) VOTE ON EXECUTIVE COMPENSATION</u>	40
<u>PROPOSAL THREE - ADVISORY (NONBINDING) VOTE ON THE FREQUENCY OF FUTURE STOCKHOLDERS ADVISORY VOTES ON EXECUTIVE COMPENSATION</u>	41
<u>PROPOSAL FOUR - APPROVAL OF THE 2016 EMPLOYEE STOCK PURCHASE PLAN</u>	42
<u>PROPOSAL FIVE - APPROVAL OF THE 2014 EQUITY INCENTIVE PLAN, AS AMENDED AND RESTATED, INCLUDING TO INCREASE THE NUMBER OF SHARES AUTHORIZED FOR ISSUANCE AND APPROVE MATERIAL TERMS UNDER CODE SECTION 162(M)</u>	47
<u>Director Compensation for Fiscal Year 2015</u>	62
<u>Compensation Committee Interlocks and Insider Participation</u>	63
<u>Transactions with Related Persons</u>	63
<u>Stockholder Proposals</u>	65
<u>Delivery of Documents to Stockholders Sharing an Address</u>	65
<u>Annual Report on Form 10-K</u>	65
<u>Other Matters</u>	66



**Table of Contents**

**INC RESEARCH HOLDINGS, INC.**

**PROXY STATEMENT**

**2016 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD MAY 24, 2016**

**Information Concerning Solicitation and Voting**

This Proxy Statement is furnished to the holders of our common stock in connection with the solicitation of proxies on behalf of the Board for use at the Annual Meeting of Stockholders to be held on May 24, 2016 at 8:00 a.m. EDT at The Washington Duke Inn, 3001 Cameron Boulevard, Durham, NC 27705 for use at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders.

In accordance with the rules of the SEC, instead of mailing a printed copy of our proxy materials to each stockholder of record, we are furnishing the Notice, this Proxy Statement, our 2015 Annual Report to Stockholders, including financial statements, and a Proxy Card for the meeting, by providing access to them on the Internet to save printing costs and benefit the environment. These materials were first available on the Internet on April 14, 2016 and are available for viewing, printing and downloading at [www.proxyvote.com](http://www.proxyvote.com). All materials will remain posted on [www.proxyvote.com](http://www.proxyvote.com) at least until the conclusion of the meeting. The Notice, Proxy Statement, 2015 Annual Report to Stockholders and Annual Report on Form 10-K for the fiscal year ended December 31, 2015 are also available, free of charge, in PDF and HTML format under Investor Relations Financial Information & SEC Filings SEC Filings section of our website at [www.incresearch.com](http://www.incresearch.com).

We mailed a Notice of Internet Availability of Proxy Materials on or about April 14, 2016 to our stockholders of record as of March 31, 2016, the record date for the meeting. The Notice of Internet Availability of Proxy Materials and this Proxy Statement contain instructions for accessing and reviewing our proxy materials on the Internet and for voting by proxy over the Internet. Only stockholders of record at the close of business on March 31, 2016 are entitled to notice of and to vote at the meeting. You will need to obtain your own Internet access if you choose to access the proxy materials and/or vote over the Internet. If you prefer to receive printed copies of our proxy materials, the Notice of Internet Availability of Proxy Materials contains instructions on how to request the materials by mail. You will not receive printed copies of the proxy materials unless you request them. If you elect to receive the materials by mail, you may also vote by proxy on the Proxy Card or Voter Instruction Card that you will receive in response to your request.

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, a stockholder of record. As a stockholder of record, you may vote by proxy in any one of the following ways:

- <sup>1</sup> Via the Internet by accessing the proxy materials on the secured website [www.proxyvote.com](http://www.proxyvote.com) and following the voting instructions on that website;
- <sup>1</sup> Via telephone by calling toll free 1-800-690-6903 and following the recorded instructions; or
- <sup>1</sup> By requesting that printed copies of the proxy materials be mailed to you pursuant to the instructions provided in the Notice of Internet Availability and completing, dating, signing and returning the Proxy Card that you receive in response to your request.

The Internet and telephone voting procedures are designed to authenticate stockholders' identities by use of a control number to allow stockholders to vote their shares and to confirm that stockholders' instructions have been properly recorded. Voting via the Internet or telephone must be completed by 11:59 p.m. EDT on May 23, 2016. Of course, if you are a record holder you can always come to the meeting and vote your shares in person. You will need to present a form of personal photo identification in order to be admitted to the meeting. If you submit

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**Table of Contents**

or return a Proxy Card without giving specific voting instructions, your shares will be voted as recommended by the Board, as permitted by law.

If your shares are held in a brokerage account or by another nominee or trustee, you are considered the beneficial owner of shares held in street name. In that case, the Notice of Internet Availability of Proxy Materials or proxy materials have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As a beneficial owner, you should direct your broker, bank or other holder of record on how to vote your shares by using the voting instructions included in the Notice of Internet Availability or proxy materials. You are also invited to attend the meeting in person. Because a beneficial owner is not the stockholder of record, you may not vote your shares in person at the meeting unless you obtain a legal proxy from the broker, nominee or trustee that holds your shares, giving you the right to vote the shares at the meeting.

Whether you are a stockholder of record or beneficial owner of shares, you can revoke your proxy before your shares are voted at the meeting. If you are a stockholder of record, you may:

- 1 File a written notice of revocation bearing a later date than the proxy with our Corporate Secretary at 3201 Beechleaf Court, Suite 600, Raleigh, North Carolina 27604 before the meeting;
- 1 Duly execute a later-dated proxy relating to the same shares and deliver it to our Corporate Secretary at 3201 Beechleaf Court, Suite 600, Raleigh, North Carolina 27604 before the meeting;
- 1 Attend the meeting and vote in person (although attendance at the meeting will not in and of itself constitute a revocation of a proxy); or
- 1 If you voted by telephone or via the Internet, vote again by the same means prior to 11:59 p.m. EDT on May 23, 2016 (your latest telephone or Internet vote, as applicable, will be counted and all earlier votes will be disregarded).

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at the meeting by obtaining a legal proxy from them as previously described.

Each holder of our common stock is entitled to one vote for each share held as of the record date with respect to all matters that may be considered at the meeting. Stockholder votes will be tabulated by persons appointed by the Board to act as inspectors of election for the meeting. As of March 31, 2016, there were 54,003,179 shares of our common stock outstanding and entitled to vote at the meeting.

A majority of our outstanding shares of capital stock entitled to vote as of the record date must be present at the meeting in order for us to hold the meeting and conduct business. This is called a quorum. Your shares will be counted as present at the meeting if you: (1) are present and entitled to vote in person at the meeting; or (2) properly submitted a Proxy Card or Voter Instruction Card. If you are present in person or by proxy at the meeting, but do not vote on any or all proposals, your shares are still counted as present and entitled to vote. Each proposal listed in this Proxy Statement identifies the votes needed to approve or ratify the proposed action. As of March 31, 2016, we are not aware of any other matters to be submitted for consideration at the meeting. If any other matters are properly brought before the meeting, the policy named in the Proxy Card or Voter Instruction Card will vote the shares it represents using its best judgment.

We bear the expense of soliciting proxies. Our directors, officers, or employees may also solicit proxies personally or by telephone, telegram, facsimile, or other means of communication. We do not intend to pay additional compensation for doing so. In addition, we might reimburse banks, brokerage firms, and other custodians, nominees, and fiduciaries

representing beneficial owners of our common stock, for their expenses in forwarding soliciting materials to those beneficial owners.

We will announce the preliminary voting results at the meeting. We will publish the final results in a Form 8-K filed with the SEC within four business days of the meeting.

**Table of Contents****PROPOSAL ONE****ELECTION OF DIRECTORS****Nominees**

Our Board currently consists of eight members and is divided into three classes, the members of which each serve for a staggered three-year term or until a successor has been elected and qualified. The term of office of one class of directors expires each year in rotation so that one class is elected at each annual meeting for a full three-year term. Our Class II directors, Robert W. Breckon, David F. Burgstahler and Terry Woodward, have been nominated to fill a three-year term expiring in 2019. The two other classes of directors, who were elected or appointed for terms expiring at the annual meetings in 2017 and 2018, respectively, will remain in office.

If you are a stockholder of record, unless you mark your proxy card to withhold authority to vote, the proxy holder will vote the proxies received by it for the three Class II nominees named below, each of whom is currently a director and each of whom has consented to be named in this Proxy Statement and to serve if elected. In the event that any nominee is unable or declines to serve as a director at the time of the meeting, your proxy will be voted for any nominee designated by the Board to fill the vacancy. We do not expect that any nominee will be unable or will decline to serve as a director. If you are a beneficial owner of shares held in street name and you do not provide your broker with voting instructions, your broker may not vote your shares on the election of directors. Therefore, it is important that you vote.

The name of and certain information regarding each Class II nominee as of March 31, 2016 is set forth below, together with information regarding our directors remaining in office. This information is based on data furnished to us by the nominees and directors. There is no family relationship between any director, executive officer or person nominated to become a director or executive officer. The business address for each nominee for matters regarding the Company is 3201 Beechleaf Court, Suite 600, Raleigh, North Carolina 27604.

**Class II Nominees with Terms Expiring in 2016**

<b>Name</b>	<b>Age</b>	<b>Position(s) with INC Research</b>	<b>Director Since</b>
Robert W. Breckon	58	Director	September 2010
David F. Burgstahler	47	Director	August 2010
Terry Woodward	48	Director	August 2010

**Class III Directors with Terms Expiring in 2017**

<b>Name</b>	<b>Age</b>	<b>Position(s) with INC Research</b>	<b>Director Since</b>
Richard N. Kender	60	Director	December 2014
David Y. Norton	64	Director	February 2015
James T. Ogle	72	Chairman of the Board	June 2003

**Class I Directors with Terms Expiring in 2018**

<b>Name</b>	<b>Age</b>	<b>Position(s) with INC Research</b>	<b>Director Since</b>
D. Jamie Macdonald	47	Chief Executive Officer and Director	January 2013
Charles C. Harwood, Jr.	62	Director	September 2010

## Table of Contents

### **Class II Director Nominees**

Below each nominee's biography is an assessment of the nominee's qualifications, attributes, skills and experience that led us to believe that each nominee is well-qualified to serve on the board.

#### *Robert W. Breckon* Director

Robert Breckon is an independent director and has served as a member of our Board since September 2010. Mr. Breckon is a member of the audit committee. Mr. Breckon currently serves as President of Breckon Consultants Inc., which provides consulting services in the healthcare sector, and has been a Senior Advisor to Teachers' Private Capital, (Teachers') since July 2010. He also served as Senior Vice President, Strategy & Corporate Development at MDS Inc., a leading provider of products and services to the global life sciences markets now known as Nordion Inc., from 2005 to 2010, where he led acquisitions and post-acquisition integration assignments in North America, Europe and Asia. Prior to that, he held various senior-level general management positions including VP and General Manager of AutoLab Systems from 1995 to 1999. Mr. Breckon has served on the boards of numerous public and private companies in the United States and Canada, including Heartland Dental, Xenogen Corporation, Evolved Digital Systems Inc., Systems Xcellence Inc., Automed Systems, Inc., InPhact Inc., MDS Proteomics, Hudson Valley Laboratories and Careforce International. Mr. Breckon received his Bachelor of Science in Computer Science and Commerce from the University of Toronto and has completed the Harvard Business School Advanced Management Program.

We believe Mr. Breckon's financial, accounting, acquisition and business experience in the health and life sciences industry, and experience serving on public and private boards brings to our Board important skills. For these reasons, Mr. Breckon is well-qualified to serve on the Board and its committees.

#### *David F. Burgstahler* Director

David Burgstahler has served as a member of our Board since August 2010 and is the chair of the nominating and corporate governance committee. Mr. Burgstahler is the President and Co-Managing Partner of Avista Capital Partners, L.P. (Avista). He co-founded Avista in 2005 and since 2009, has been President of Avista. Prior to forming Avista, he was a partner of DLJ Merchant Banking Partners. He was at DLJ Investment Banking from 1995 to 1997 and at DLJ Merchant Banking Partners from 1997 through 2005. Prior to that, he worked at Andersen Consulting (now known as Accenture) and McDonnell Douglas (now known as Boeing). He holds a Bachelor of Science in Aerospace Engineering from the University of Kansas and a Master of Business Administration from Harvard Business School. He currently serves as a Director of ACP Mountain Holdings, Inc., AngioDynamics Inc., ConvaTec Inc., Lantheus Holdings, Inc., Strategic Partners, Inc., Osmotica Holdings Corp. and WideOpenWest, LLC. He previously served as a Director of Warner Chilcott plc and BioReliance Holdings, Inc.

We believe Mr. Burgstahler's extensive finance and management background, with over 20 years in banking and private equity finance, and his experience serving as a director for a diverse group of private and public companies, brings to our Board important skills. For these reasons, Mr. Burgstahler is well-qualified to serve on the Board and its committees.

#### *Terry Woodward* Director

Terry Woodward has served as a member of our Board since August 2010 and is a member of the compensation committee. Dr. Woodward currently serves as a Director at Teachers, which he joined in 2001. Prior to joining Teachers, Dr. Woodward held senior positions in corporate development and clinical research and development at

privately-held biopharmaceutical and medical diagnostic companies in the United States. Dr. Woodward manages Teachers private equity transactions in the healthcare sector and oversees growth equity and venture capital sectors. Dr. Woodward currently serves as a director of Phymed Healthcare Group, PetVet



## **Table of Contents**

Care Centers and the Healthcare Private Equity Association. He received his Bachelor of Science and Master of Science from Virginia Polytechnic Institute & State University, his Ph.D. from McGill University and his M.B.A. from Michigan State University.

We believe Dr. Woodward's experience and expertise in the biopharmaceutical industry, along with his experience investing in and managing various healthcare and pharmaceutical companies, bring critical skills related to analyzing and understanding the financial health of our Company, as well as a broad perspective related to our Company's strategic plans and corporate governance. For these reasons, Dr. Woodward is well qualified to serve on the Board and its committees.

### **Other Directors Not Up For Re-Election at this Meeting**

*Charles C. Harwood, Jr. Director*

Charles Harwood is an independent director and has served as a member of our Board since September 2010. Mr. Harwood is the chair of the audit committee and member of the compensation committee. Mr. Harwood is also an industry advisor to Avista, a position he has held since 2007. Starting in January 2016, Mr. Harwood has served as Chairman and Interim Chief Executive Officer of ACP Mountain Holdings, Inc., an early stage drug development contract research organization. Mr. Harwood previously served as the President and Chief Executive Officer of BioReliance Holdings, Inc., a pharmaceutical services company engaged in biologic product testing and specialty toxicology testing, from April 2009 until March 2013, after its sale to Sigma-Aldrich in January 2012. Prior to that, Mr. Harwood was President and Chief Executive Officer of Focus Diagnostics from 2002 until the company's sale in July 2006. From 1993 to 2001, Mr. Harwood held several positions, including Chief Financial Officer and Senior Vice President of Venture Development at Covance Inc., a leading drug development services company, where he spearheaded numerous acquisitions and divestitures as well as the spin-off of Covance from Corning Incorporated in January 1997. Prior to Covance, he worked in commercial real estate development and in the Medical Products Group of the Hewlett-Packard Company. Mr. Harwood received his Bachelor of Arts from Stanford University and his M.B.A. from Harvard Business School.

We believe Mr. Harwood's extensive knowledge and experience in the healthcare industry, and specifically his leadership roles with drug development and CRO companies, brings to our Board critical skills important to both our business and the businesses of our customers. For these reasons, Mr. Harwood is well qualified to serve on the Board and its committees.

*Richard N. Kender Director*

Richard Kender is an independent director and has served as a member of our Board since December 2014. Mr. Kender is a member of the audit and nominating and corporate governance committees. Mr. Kender is a 35-year veteran in the pharmaceutical industry and spent his entire career at Merck & Co., Inc. Mr. Kender worked across the business in such areas as accounting, finance and business development, holding roles of increasing responsibility. Most recently, he served as Senior Vice President, Business Development and Corporate Licensing from 2000 until his retirement in 2013. Mr. Kender graduated from Villanova University with a Bachelor's of Science degree in Accounting and earned his MBA from Fairleigh Dickinson University.

We believe Mr. Kender's longstanding career in the pharmaceutical industry, including various leadership roles in accounting and finance, along with his global business development and public company board experience, are of significant benefit to our Board as our Company continues to grow its global customer base and strengthen its accounting and financial controls. For these reasons, Mr. Kender is well qualified to serve on the Board and its

committees.

## Table of Contents

### *D. Jamie Macdonald Chief Executive Officer and Director*

Jamie Macdonald has been our Chief Executive Officer and a member of our Board since January 2013. He joined our Company in July 2011 as Chief Operating Officer when we acquired Kendle International Inc. ( Kendle ), where he was the Chief Operating Officer from May 2011 to July 2011. Prior to joining Kendle, Mr. Macdonald served for 15 years in various senior operational and finance roles at Quintiles Transnational Holdings Inc., where he most recently was Senior Vice President and Head of Global Project Management from December 2008 to January 2011. Prior to Quintiles, Mr. Macdonald began his career in the pharmaceutical sector while in the UK, where he worked with Syntex Corporation (acquired by Roche Holdings, Inc. in 1994), before joining Quintiles through a transfer of undertakings in 1995. Mr. Macdonald earned a B.A. in Economics from Heriot-Watt University in Edinburgh, Scotland and is a UK qualified Chartered Management Accountant (ACMA).

We believe Mr. Macdonald brings to our Board valuable perspective and experience as our Chief Executive Officer, and as a former Chief Operating Officer of our Company, as well as extensive knowledge of the CRO and biopharmaceutical industries, all of which qualify him to serve as one of our directors.

### *David Y. Norton Director*

David Norton is an independent director and has served as a member of our Board since February 2015. Mr. Norton is the chair of the compensation committee and a member of the nominating and corporate governance committee. Mr. Norton is a 40-year veteran in the pharmaceutical industry, most recently serving as Interim Chief Executive Officer of Savient Pharmaceuticals, Inc., from February 2012 to July 2012. Prior to that, he was Company Group Chairman, Global Pharmaceuticals for Johnson & Johnson from May 2009 to September 2011. In this role, he was responsible for leading and developing the company's strategic growth agenda, including the strategy for licensing, acquisitions and divestments, and ensuring alignment with the global strategic functions, R&D and the commercial organizations. Mr. Norton began his Johnson & Johnson career in 1979 as a Product Manager for the company's affiliate Janssen Pharmaceutica in Australia and during his tenure held a number of positions, including Company Group Chairman, Worldwide Commercial and Operations, CNS/Internal Medicine franchise; Company Group Chairman, Pharmaceutical Group, Europe, the Middle East and Africa; and Company Group Chairman, Pharmaceuticals Group, North America. Mr. Norton currently serves as the Chairman of the Board of Directors of VIVUS, Inc., the Global Alliance for TB Drug Development and the American Foundation for Suicide Prevention, and is a Senior Advisor to Tapestry Networks Boston/London. He previously served on the Board of Directors of Savient Pharmaceuticals from October 2011 to December 2013. Savient Pharmaceuticals filed for bankruptcy protection in October 2013. Mr. Norton has a Marketing degree from the College of Distributive Trades, London and Preston Polytechnic, Preston, U.K. and a degree in Computer Programming Technology from Control Data Institute in Sydney, Australia.

We believe Mr. Norton's global and therapeutic experience in successfully growing Johnson & Johnson's pharmaceuticals group and his insights into the wider drug development community are of significant benefit to the Board as we continue to expand our customer relationships globally. For these reasons, Mr. Norton is well qualified to serve on the Board and its committees.

### *James T. Ogle Chairman of the Board*

Jim Ogle joined our Company in June 2003 and served as Chief Executive Officer from July 2003 to December 2012. As of January 1, 2016, Mr. Ogle qualifies as an independent director and has served as a member of our Board since June 2003 and became Chairman of the Board in September 2010. Mr. Ogle has been non-employee Chairman of the Board since January 2013. He was previously the Chief Operating Officer of Nascent Pharmaceuticals, a private

biotechnology company from 2002 to 2003 and a director of Nascent Pharmaceuticals from 2002 to 2004. Mr. Ogle also was a director of OpGen, Inc., a company specializing in genomic and DNA analysis systems and services, from 2001 to 2007. Prior to that, Mr. Ogle was an executive at

## **Table of Contents**

Quintiles Transnational Holdings Inc., where he served as President and Chief Operating Officer of the Quintiles Product Development Group from 1998 to 2000 and as President of Quintiles America from 1996 to 1998. He served as Chief Operating Officer and subsequently as Chief Executive Officer of BRI International, a privately-held international CRO from 1992 to 1996, before its sale to Quintiles. Prior to that, Mr. Ogle served from 1986 to 1992 as both Vice-President and President of ERC BioServices Corporation, a contractor specializing in biomedical research. Mr. Ogle received his Bachelor of Science from the United States Military Academy at West Point and his Master of Science in Industrial Engineering from the University of Alabama.

We believe Mr. Ogle's perspective as our Chairman of the Board and our former Chief Executive Officer, his knowledge of and experience with both the operations of our Company and the CRO industry generally, and his extensive leadership experience, all qualify him to serve as one of our directors.

## **Second Amended and Restated Stockholders Agreement**

On November 6, 2014, in connection with our initial public offering (the "IPO"), we entered into a Second Amended and Restated Stockholders Agreement with affiliates of Avista and Teachers, which we collectively refer to as the Sponsors, as well as our management investors. The Stockholders Agreement provides that each Sponsor will have the right to elect (i) two directors to our Board for so long as it owns at least 15% of our outstanding shares of Class A common stock and Class B common stock, and (ii) one director each for so long as it holds less than 15% but at least 5% of our outstanding shares of Class A common stock and Class B common stock. Furthermore, each Sponsor must vote all its stock to ensure the composition of our Board as set forth above, for so long as it owns at least 5% of our outstanding shares of common stock.

## **Required Vote**

The three Class II director nominees receiving the highest number of affirmative votes of our common stock present or represented and entitled to be voted for them shall be elected as Class II directors. In accordance with Delaware law, votes withheld from any nominee are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but they have no legal effect on the election of directors. While broker non-votes will be counted for purposes of determining the presence or absence of a quorum, they will not be counted for purposes of determining the number of shares represented and voted with respect to the particular proposal on which the broker has expressly not voted and, accordingly, will not affect the election of directors.

**The Board unanimously recommends that stockholders vote FOR the three Class II director nominees listed above.**

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**Table of Contents**

**CORPORATE GOVERNANCE MATTERS**

**Information about the Board of Directors**

The Board currently comprises eight members, divided into three classes as follows: Class I, consisting of D. Jamie Macdonald and Charles C. Harwood, Jr.; Class II, consisting of Robert W. Breckon, David F. Burgstahler and Terry Woodward; and Class III, consisting of Richard N. Kender, David Y. Norton and James T. Ogle. Upon the expiration of the initial term of office for each class of directors, each director in such class will be elected for a term of three years and will serve until a successor is duly elected and qualified or until his or her earlier death, resignation or removal. Any additional directorships resulting from an increase in the number of directors or a vacancy may be filled by the directors then in office or the stockholders (as provided in our bylaws). Because only one-third of our directors will be elected at each annual meeting, two consecutive annual meetings of stockholders could be required for the stockholders to change a majority of the board.

As Chairman of the Board, Mr. Ogle has authority to, among other things, call and preside over meetings of the Board, set meeting agendas, and determine materials to be distributed to the Board. Accordingly, Mr. Ogle has substantial ability to shape the work of the Board.

We have separated the position of Chairman of the Board and that of Chief Executive Officer. While our Board believes the separation of these positions serves our Company well, and intends to maintain this separation where appropriate and practicable, the Board does not believe that it is appropriate to prohibit one person from serving as both Chairman of the Board and Chief Executive Officer. We believe our leadership structure is appropriate given the size of our Company in terms of number of employees and the historical experience and understanding of our Company and industry of each of Messrs. Ogle and Macdonald.

**Independence of Directors**

In December 2015, our Sponsors' collective ownership of the Company decreased below 50% of our outstanding shares. As a result, we no longer qualify as a controlled company within the meaning of NASDAQ listing standards. Pursuant to the phase-in periods stipulated by the NASDAQ listing standards, we were required to have a majority independent Board and a majority independent compensation and nominating and corporate governance committees by March 6, 2016, which was 90 days after the date we ceased to qualify as a controlled company. In addition, we will have to be in compliance with certain NASDAQ corporate governance requirements, including the requirements that, within one year of the date of the loss of control company status:

- <sup>1</sup> we have a compensation committee that is composed entirely of independent directors;
- <sup>1</sup> we have a nominating and corporate governance committee that is composed entirely of independent directors; and
- <sup>1</sup> our compensation and nominating and corporate governance committees be subject to annual performance evaluations.

Our Board has undertaken a review of the independence of our directors and has affirmatively determined that Messrs. Breckon, Harwood, Kender, Norton and Ogle are independent within the meaning of the NASDAQ Stock Market (NASDAQ) listing rules and meet the additional test for independence for audit committee members imposed by SEC regulation and the NASDAQ listing rules. This differs from the Board's determination in 2015 as it includes Mr. Ogle in the independence determination. Mr. Ogle retired as our Chief Executive Officer and President effective as January 1, 2013 and he has not been employed by our Company since that time nor has he accepted any compensation

from our Company other than for his service as a director and Chairman of the Board.

## **Table of Contents**

### **Executive Sessions of Non-Employee Directors**

In order to promote open discussion among non-employee directors, our Board has a policy of regularly conducting executive sessions of non-employee directors at scheduled meetings and at such other times requested by a non-employee director.

### **Selection of Nominees for the Board of Directors**

The nominating and corporate governance committee of our Board has the responsibility for establishing the criteria for recommending which directors should stand for re-election to the Board and the selection of new directors to serve on the Board. In addition, the committee is responsible for establishing the procedures for our stockholders to nominate candidates to the Board. The committee has not formulated any specific minimum qualifications for director candidates, but has determined certain desirable characteristics, including independence, sound judgment, business specialization, technical skills, diversity and other desired qualities. The Nominating and Corporate Governance Committee Charter calls for the committee to consider diversity to be an additional desirable characteristic in potential nominees.

Our bylaws permit any stockholder of record to nominate directors. Stockholders wishing to nominate a director must deliver written notice of the nomination to the Corporate Secretary (i) with respect to an election to be held at an annual meeting of stockholders, not earlier than the close of business on the 120<sup>th</sup> day and not later than the close of business on the 90<sup>th</sup> day prior to the first anniversary of the preceding year's annual meeting, and (ii) with respect to an election to be held at a special meeting of stockholders called for the purpose of the election of directors, not earlier than the close of business on the 120<sup>th</sup> day before the meeting and not later than the first to occur of the 90<sup>th</sup> day prior to such meeting or the 10<sup>th</sup> day following the date on which notice of such meeting is first given to stockholders.

Any such notice by a Noticing Stockholder must set forth the following: (a) the name and address of the Noticing Stockholder as they appear on the Company's books and, if the Noticing Stockholder holds for the benefit of another, the name and address of such beneficial owner, collectively Holder; (b) the class or series and number of shares of the Company that are, directly or indirectly, owned beneficially and/or of record, and the date such ownership was acquired; (c) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Company or with a value derived in whole or in part from the value of any class or series of shares of the Company, whether or not the instrument or right is subject to settlement in the underlying class or series of capital stock of the Company or otherwise, or a Derivative Instrument, that is directly or indirectly owned beneficially by the Holder or any Stockholder Associated Person, as defined in our bylaws, of the Noticing Stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Company; (d) any proxy, contract, arrangement, understanding or relationship pursuant to which the Holder has a right to vote or has granted a right to vote any shares of any security of the Company; (e) any short interest in any security of the Company (for purposes of our bylaws a person shall be deemed to have a short interest in a security if the Holder or any Stockholder Associated Person of the Noticing Stockholder directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security); (f) any rights to dividends on the shares of the Company owned beneficially by the Holder that are separated or separable from the underlying shares of the Company; (g) any proportionate interest in shares of the Company or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which the Holder or any Stockholder Associated Person of the Noticing Stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or directly or indirectly beneficially owns an interest in the manager or managing member of a limited liability company or similar entity; (h) any



performance-related fees (other than an asset-based fee) that the Holder or any Stockholder Associated Person of the Noticing Stockholder is entitled to based on any increase or decrease in the value of

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**Table of Contents**

shares of the Company or Derivative Instruments, if any; (i) any arrangements, rights, or other interests described in Sections (c)-(h) above held by members of such Holder's immediate family sharing the same household; (j) a representation that the Noticing Stockholder intends to appear in person or by proxy at the meeting to nominate the person(s) named or propose the business specified in the notice and whether or not such stockholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding shares required to approve the nomination(s) or the business proposed and/or otherwise to solicit proxies from stockholders in support of the nomination(s) or the business proposed; (k) a certification regarding whether or not such stockholder and Stockholder Associated Persons have complied with all applicable federal, state and other legal requirements in connection with such stockholder's and/or Stockholder Associated Persons' acquisition of shares or other securities of the Company and/or such stockholder's and/or Stockholder Associated Persons' acts or omissions as a stockholder of the Company; (l) any other information relating to the Holder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations thereunder; and (m) any other information as reasonably requested by the Company. The notice also must set forth the following information as to the person the Noticing Stockholder proposes to nominate for election: (a) all information relating to the nominee (including, without limitation, the nominee's name, age, business and residence address and principal occupation or employment and the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by the nominee) that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) a description of any agreements, arrangements and understandings between or among such stockholder or any Stockholder Associated Person, on the one hand, and any other persons (including any Stockholder Associated Person), on the other hand, in connection with the nomination of such person for election as a director; and (c) a description of all direct and indirect compensation and other material monetary agreements, arrangements, and understandings during the past three years, and any other material relationships, between or among the Holder and respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the Holder making the nomination or on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the registrant for purposes of Item 404 and the nominee were a director or executive officer of such registrant.

The requirements of the paragraph above do not apply to the exercise by a Sponsor of its rights to designate persons for nomination for election to the Board pursuant to the Stockholders' Agreement.

**Information Regarding Meetings of the Board of Directors and Committees**

During 2015, our Board held seven meetings. In 2015, our Board also formed a pricing committee in connection with our May, August and December 2015 underwritten secondary public offerings, which was comprised of Messrs. Breckon, Burgstahler, Harwood, Macdonald and Woodward. The pricing committee held three meetings in 2015 for the purposes of establishing the number of shares and the underwriters' purchase price. All of our current directors attended at least 75% of the aggregate of all meetings of the Board and the committees on which he served during 2015. Although we do not have a formal written policy with respect to directors' attendance at our annual meetings of stockholders, we generally encourage all directors to attend. All directors attended the annual stockholder meeting in 2015.



**Table of Contents****Board of Directors Committees*****Committees of our Board of Directors***

In November 2014, our Board adopted written charters for each of its permanent committees, all of which are available under Investor Relations Corporate Governance Charters and Corporate Governance Documents section of our website at [www.incresearch.com](http://www.incresearch.com). The following table provides membership information of our directors in each committee of our Board as of March 31, 2016:

<u>Name</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Nominating and Corporate Governance Committee</u>
James T. Ogle (Chairman of the Board)			
Robert W. Breckon	Member		
David F. Burgstahler			Chair
Charles C. Harwood, Jr.	Chair	Member	
Richard N. Kender	Member		Member
D. Jamie Macdonald			
David Y. Norton		Chair	Member
Terry Woodward = Financial Expert		Member	

In 2015 and in early 2016, we made changes to the committee compositions. On June 5, 2015, Mr. Norton joined the Compensation and Nominating and Corporate Governance Committees.

We lost controlled company status on December 7, 2015. Pursuant to NASDAQ listing rules, we were required to have a majority independent Compensation Committee and Nominating and Corporate Governance Committee within 90 days from that date. To remain compliant with NASDAQ listing rules and have a majority of independent directors on both Committees, the Board made the following changes to each committee effective March 1, 2016:

**Compensation Committee.** Mr. Burgstahler resigned, Dr. Woodward relinquished his Chair position to Mr. Norton but retained his membership and Mr. Harwood joined.

**Nominating and Corporate Governance Committee:** Mr. Burgstahler remained Chair, Dr. Woodward resigned, Mr. Kender joined and Mr. Norton remained a member.

***Audit Committee***

Our audit committee is currently composed of Messrs. Harwood (Chair), Breckon and Kender. Each of Messrs. Harwood, Breckon and Kender satisfy the independence requirements of Rule 5605(a)(2) of the NASDAQ listing

rules and SEC Rule 10A-3. Our audit committee met eight times during our 2015 fiscal year. Our audit committee is responsible for, among other things:

- 1 the integrity of our financial statements;
- 1 our systems of internal control over financial reporting and disclosure controls and procedures;
- 1 the qualifications, engagement, compensation, independence and performance of our independent registered public accounting firm;

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**Table of Contents**

- 1 our independent registered public accounting firm's annual audit of our financial statements and any engagement to provide other services;
- 1 our legal and regulatory compliance;
- 1 our related person transaction policy; and
- 1 the application of our codes of business conduct and ethics as established by management and our Board.

Our Board has affirmatively determined that each of Messrs. Harwood, Breckon and Kender qualifies as an audit committee financial expert as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC. The designation does not impose on Messrs. Harwood, Breckon and Kender any duties, obligations or liabilities that are greater than those generally imposed on members of our audit committee and our Board.

*Compensation Committee*

Our compensation committee consists of Messrs. Norton (Chair), Harwood and Woodward and is comprised of a majority of independent directors. Our compensation committee met seven times during our 2015 fiscal year. Our compensation committee is responsible for assisting our Board in overseeing our management compensation policies and practices, including:

- 1 determining and approving the compensation of our Chief Executive Officer;
- 1 reviewing and approving incentive compensation policies and programs, and exercising discretion in the administration of those policies and programs;
- 1 reviewing and approving equity compensation programs, and exercising discretion in the administration of those programs; and
- 1 preparing the annual report of the compensation committee required by the SEC rules to be included in our annual report.

*Nominating and Corporate Governance Committee*

Our nominating and corporate governance committee consists of Messrs. Burgstahler (Chair), Kender and Norton and is comprised of a majority of independent directors. Our nominating and corporate governance committee met six times during our 2015 fiscal year. Our nominating and corporate governance committee is responsible for, among other things:

- 1 identifying, screening and reviewing individuals qualified to serve as directors and recommending to our Board candidates for nomination for election at the annual meeting of stockholders or to fill Board vacancies;
- 1 overseeing our policies and procedures for the receipt of stockholder suggestions regarding Board composition and recommendations of candidates or nominations by our Board;
- 1 developing, recommending to our Board and overseeing implementation of our Corporate Governance Guidelines and Principles; and
- 1 reviewing on a regular basis our overall corporate governance and recommending improvements as and when necessary.

**Risk Oversight**

While our Company's senior management has responsibility for the management of risk, our Board plays an important role in overseeing this function. Our Board regularly reviews our market and business risks during its meetings and, since its formation, each of its committees began overseeing risks associated with its respective area of responsibility. In particular, our audit committee oversees risk related to our accounting, tax, financial and public disclosure processes. It also assesses risks associated with our financial assets. Our compensation committee oversees risks related to our compensation and benefit plans and policies to ensure

## **Table of Contents**

sound pay practices that do not cause risks to arise that are reasonably likely to have a material adverse effect on our Company. Our nominating and corporate governance committee seeks to minimize risks related to governance structure by implementing sound corporate governance principles and practices. Each of our committees typically reports to the full Board at each quarterly Board meeting and also as appropriate on its efforts at risk oversight and on any matter that rises to the level of a material or enterprise level of risk.

## **Code of Business Conduct and Ethics and Code of Ethics**

We have adopted a code of business conduct and ethics relating to the conduct of our business by all of our employees, officers, and directors, as well as a code of ethics for principal executive officer and senior financial officers. Each of these policies is posted under Investor Relations Corporate Governance Charters and Corporate Governance Documents section of our website at [www.incresearch.com](http://www.incresearch.com). Additionally, we have adopted an insider trading policy to establish guidelines for our employees, officers, directors, and consultants regarding transactions in our securities. The insider trading policy also establishes guidelines for the disclosure of information related to our Company to the investing public, market analysts, brokers, dealers, investment advisors, the media, and any persons who are not our employees or directors.

## **Communications with the Board of Directors**

Stockholders who wish to communicate with members of our Board, including the independent directors individually or as a group, may send correspondence to them in care of our Corporate Secretary at our principal executive offices at 3201 Beechleaf Court, Suite 600, Raleigh, North Carolina 27604. Such communication will be forwarded to the intended recipient(s). We currently do not intend to have our Corporate Secretary screen this correspondence, but we may change this policy if directed by the board due to the nature or volume of the correspondence.



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**Table of Contents**

**AUDIT COMMITTEE REPORT**

Our audit committee has (1) reviewed and discussed with management the audited financial statements for the year ended December 31, 2015, (2) discussed with Ernst & Young LLP our independent registered public accounting firm for the fiscal year ended December 31, 2015, the matters required to be discussed by the Auditing Standards No. 16, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and (3) received the written disclosures and the letter from Ernst & Young concerning applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young's communications with the audit committee concerning independence, and has discussed with Ernst & Young its independence. Based upon these discussions and reviews, the audit committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is filed with the SEC.

Our audit committee is currently composed of Messrs. Harwood (Chair), Breckon, and Kender. All three members of our audit committee are independent directors as defined in Rule 5605(a)(2) of the NASDAQ listing rules and Section 10A(m)(3) of the Exchange Act. The Board has determined that each of Messrs. Harwood, Breckon, and Kender is an audit committee financial expert as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC. Our audit committee operates under a written charter adopted by our Board, a copy of which is available under Corporate Governance Charters and Corporate Governance Documents section of our website at [www.incresearch.com](http://www.incresearch.com).

Ernst & Young served as our independent registered public accounting firm until February 28, 2016 and audited our consolidated financial statements for the years ended December 31, 2000 through December 31, 2015. On February 28, 2016, the Audit Committee of the Board dismissed Ernst & Young as its independent registered public accounting firm after completing a competitive process with multiple firms to serve in that role for the fiscal year ending December 31, 2016.

The audit reports of Ernst & Young on the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2015 and 2014 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles, except for an explanatory paragraph for the adoption of new accounting standards. The audit report of Ernst & Young on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015 did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified. No such report was required as of December 31, 2014.

During the fiscal years ended December 31, 2015 and 2014 and in the subsequent interim period through February 28, 2016 there were no reportable events as that term is defined in Item 304(a)(1)(v) of Regulation S-K of the rules and regulations of the SEC.

During the fiscal years ended December 31, 2015 and 2014 and in the subsequent interim period through February 28, 2016, there were no disagreements (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) with Ernst & Young on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Ernst & Young, would have caused Ernst & Young to make reference to the subject matter of such disagreements in their reports on the financial statements.

On February 28, 2016, the Audit Committee approved the appointment of Deloitte & Touche LLP as the Company's new independent registered public accounting firm for the year ending December 31, 2016.

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During the fiscal years ended December 31, 2015 and 2014 and in the subsequent interim period through February 28, 2016, neither the Company nor anyone acting on its behalf consulted with Deloitte & Touche regarding (i) the application of accounting principles to a specific transaction, either completed or

**Table of Contents**

proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that Deloitte & Touche concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, (ii) any matter that was the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-K, or (iii) any reportable event as defined in Item 304(a)(1)(v) of Regulation S-K.

**Summary of Fees**

The audit committee has adopted a policy for the pre-approval of all audit and permitted non-audit services that may be performed by our independent registered public accounting firm. Under this policy, each year, at the time it engages an independent registered public accounting firm, the audit committee pre-approves the engagement terms and fees and may also pre-approve detailed types of audit-related and permitted tax services, subject to certain dollar limits, to be performed during the year. All other permitted non-audit services are required to be pre-approved by the audit committee on an engagement-by-engagement basis.

The following table summarizes the aggregate fees for professional services rendered to us by Ernst & Young in 2014 and 2015. A description of these various fees and services follows the table.

	<b>2014</b>	<b>2015</b>
Audit Fees	\$ 3,882,368	\$ 3,076,102
Audit-Related Fees	-	-
Tax Fees	339,558	472,790
All Other Fees	2,000	-
<b>Total</b>	<b>\$ 4,223,926</b>	<b>\$ 3,548,892</b>

**Audit Fees**

The Audit Fees represent the annual fees approved by the Audit Committee in connection with the annual audit of our financial statements, for the reviews of our financial statements included in our financial reports including, but not limited to, our Annual Report on Form 10-K, and for other services normally provided in connection with statutory and regulatory filings. The Audit Fees were \$3,882,368 and \$3,076,102 for the years ended December 31, 2014 and 2015, respectively. The decrease in 2015 is primarily driven by the fees incurred in 2014 related to the IPO that did not repeat in 2015. However, the 2015 audit fee did include additional costs related to the year one audit for effectiveness of internal control over financial reporting and fees incurred in connection with our registration statements filed in May, August and December 2015.

**Audit-Related Fees**

The Audit-Related Fees represent fees for assurance and related services during the period. For the years ended December 31, 2014 and 2015, respectively, we did not incur any audit-related fees.

**Tax Fees**

The aggregate Tax Fees billed to us by Ernst & Young were \$339,558 and \$472,790 for the years ended December 31, 2014 and 2015, respectively. The increase in 2015 is primarily related to additional tax planning services globally.



**Table of Contents**

**All Other Fees**

The aggregate of All Other Fees billed to us by Ernst & Young for the year ended December 31, 2014 was \$2,000. These fees represented charges for online research tools and miscellaneous services in a foreign jurisdiction. There were no other fees incurred in 2015.

THE AUDIT COMMITTEE OF

THE BOARD OF DIRECTORS

Charles C. Harwood, Jr. (Chair)

Robert W. Breckon

Richard N. Kender

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2016 unless otherwise noted below for the following:

- <sup>1</sup> each person or entity known to own beneficially more than 5% of our outstanding common stock as of the date indicated in the corresponding footnote;
- <sup>1</sup> each member of our Board and each of our named executive officers ( NEOs ); and
- <sup>1</sup> all current members of our Board and our executive officers as a group.

Applicable percentage ownership is based on 54,003,179 shares of our common stock outstanding as of March 31, 2016, unless otherwise noted below, together with applicable options for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC, based on factors including voting and investment power with respect to shares. Common stock subject to options currently exercisable, or exercisable within 60 days after March 31, 2016, are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options, but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise indicated, the address for each listed stockholder is c/o INC Research Holdings, Inc., 3201 Beechleaf Court, Suite 600, Raleigh, North Carolina 27604.

Name and Address of Beneficial Owner	Number of shares beneficially owned	Percent of common stock outstanding (1)
<b>5% stockholder:</b>		
Avista (2)	10,761,139	19.9%
Teachers (3)	10,302,711	19.1%
The Vanguard Group (4)	3,042,819	5.6%
<b>Named Executive Officers and Directors</b>		
D. Jamie Macdonald (5)	274,859	*
Gregory S. Rush	-	-
Michael Gibertini (6)	222,966	*
Christopher L. Gaenzle (7)	22,486	*
Alistair Macdonald	-	-
James T. Ogle (8)	338,679	*
Robert W. Breckon (9)	23,850	*
David F. Burgstahler (10)	-	-
Charles C. Harwood, Jr. (11)	43,195	*
Richard N. Kender (12)	450	*
David Y. Norton (13)	484	*
Terry Woodward	-	-
All board of director members and executive officers as a group (12 individuals)(14)	926,969	1.7%

\*less than 1%

(1) Percentages are based on our common stock outstanding as of March 31, 2016.

(2) As reported on a Schedule 13G/A filed on February 8, 2016, includes 6,550,396 shares of common stock held by Avista Capital Partners II, L.P., 2,151,060 shares of common stock held by Avista Capital Partners (Offshore) II, L.P., 522,152 shares of common stock held by Avista Capital Partners (Offshore) II-A, L.P., 1,079,102 shares

**Table of Contents**

of common stock held by ACP INC Research Co-Invest, LLC, and 458,429 shares of common stock held by INC Research Mezzanine Co-Invest, LLC which we collectively refer to as Avista. Avista Capital Partners II GP, LLC ultimately exercises voting and dispositive power over the 6,550,396 shares of common stock held by Avista Capital Partners II, L.P., the 2,151,060 shares of common stock held by Avista Capital Partners (Offshore) II, L.P., the 522,152 shares of common stock held by Avista Capital Partners (Offshore) II-A, L.P., the 1,079,102 shares of common stock held by ACP INC Research Co-Invest, LLC and the 458,429 shares of common stock held by INC Research Mezzanine Co-Invest, LLC. Voting and disposition decisions at Avista Capital Partners II GP, LLC with respect to these shares are made by an investment committee, the members of which are Thompson Dean, Steven Webster, David Burgstahler, David Durkin and Sriram Venkataraman. Each of the members of the investment committee disclaims beneficial ownership of these securities except to the extent of any pecuniary interest therein. The address for each of these entities is 65 East 55th Street, 18th Floor, New York, NY 10022.

(3) As reported on a Schedule 13G/A filed on February 11, 2016, refers to shares of common stock owned by 1829356 Ontario Limited, a wholly-owned subsidiary of OTPP. Each of Terry Woodward and Steve Faraone may be deemed to have the power to dispose of the shares held by OTPP because of a delegation of authority from the Board of Directors of OTPP, and each expressly disclaims beneficial ownership of such shares. The address of 1829356 Ontario Limited and OTPP is 5650 Yonge Street, 3<sup>rd</sup> Floor, Toronto, Ontario Canada M2M 4H5.

(4) As reported on a Schedule 13G filed on February 11, 2016, The Vanguard Group, Inc. reported sole voting power over 39,151 shares, sole dispositive power over 3,005,968 shares, and shared dispositive power over 36,851 shares. Includes 36,851 shares beneficially owned by Vanguard Fiduciary Trust Company ( VFTC ) as a result of its serving as an investment manager of collective trust accounts. Also includes 2,300 shares beneficially owned by Vanguard Investments Australia, Ltd. ( VIA ) as a result of its serving as an investment manager of Australian investment offerings. VFTC and VIA are wholly owned subsidiaries of The Vanguard Group, Inc. The address of the Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355

(5) Includes 260,870 options currently exercisable or exercisable within 60 days of March 31, 2016.

(6) Includes 195,096 options currently exercisable or exercisable within 60 days of March 31, 2016.

(7) Includes 22,486 options currently exercisable or exercisable within 60 days of March 31, 2016.

(8) Includes 161,993 options currently exercisable or exercisable within 60 days of March 31, 2016.

(9) Includes 17,118 options currently exercisable or exercisable within 60 days of March 31, 2016.

(10) Excludes shares held by Avista. Mr. Burgstahler is the President of the general partner of Avista Capital Partners GP, LLC and as a result may be deemed to beneficially own the shares owned by Avista. Mr. Burgstahler disclaims beneficial ownership of the share held by Avista, except to the extent of his pecuniary interest therein.

(11) Includes 29,585 options currently exercisable or exercisable within 60 days of March 31, 2016.

(12) Includes 450 options currently exercisable or exercisable within 60 days of March 31, 2016.

(13) Includes 484 options currently exercisable or exercisable within 60 days of March 31, 2016.

(14) Includes 688,082 options currently exercisable or exercisable within 60 days of March 31, 2016.





**Table of Contents**

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our executive officers, directors, and persons who beneficially own more than 10% of a registered class of our common stock or other equity securities to file with the SEC certain reports of ownership and reports of changes in ownership of our securities. Executive officers, directors and stockholders who hold more than 10% of our outstanding common stock are required by the SEC to furnish us with copies of all required forms filed under Section 16(a). Based solely on a review of this information and written representations from these persons that no other reports were required, we believe that, during the prior fiscal year and through March 31, 2016, all of our executive officers, directors, and to our knowledge, 10% stockholders complied with the filing requirements of Section 16(a) of the Exchange Act.

**Table of Contents**

**EXECUTIVE COMPENSATION AND OTHER MATTERS**

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis ( CD&A ), with our Company s management. Based on this review and discussion, the Compensation Committee recommended to our Board that the CD&A be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is filed with the SEC.

THE COMPENSATION COMMITTEE OF

THE BOARD OF DIRECTORS

David Y. Norton, Chair

Charles C. Harwood, Jr.

Terry Woodward

David F. Burgstahler\*

\*Effective March 1, 2016, the composition of the Compensation Committee changed and Mr. Burgstahler resigned. However, he participated in the compensation-related determinations for fiscal 2015 and is being included in the Compensation Committee Report.

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**Table of Contents**

**COMPENSATION DISCUSSION AND ANALYSIS**

INC Research is a leading global contract research organization ( CRO ) with deep therapeutic focus, conducting global clinical trials to take medicines to the people who need them.

The purpose of our compensation program is to attract, motivate and retain a high level of talent to lead and execute our Company's mission and effectively build stockholder value.

This Compensation Discussion and Analysis ( CD&A ) provides information regarding our compensation program and explains our executive compensation philosophy, practices and policies for the following executives who we refer to as our NEOs for 2015: D. Jamie Macdonald (Chief Executive Officer and director), Gregory S. Rush (Executive Vice President and Chief Financial Officer), Alistair Macdonald (President and Chief Operating Officer), Michael Gibertini, PhD (President, Clinical Development) and Christopher L. Gaenzle (Chief Administrative Officer, General Counsel and Secretary).

While this CD&A applies to our NEOs, the principles of performance measurement and pay-for-performance as discussed apply generally to all our employees.

**Executive Summary**

*Evolution of our Executive Compensation Program*

Our compensation strategy has consistently focused on providing total compensation packages that are designed to attract and retain high-caliber executives by incentivizing them to achieve company performance goals and closely aligning these goals with stockholder interests. We emphasize pay-for-performance and long-term value creation for our stockholders, compensating our executive officers with a combination of base salary, short-term cash incentives and long-term equity incentives, with or incentive compensation being weighted more heavily than base salary.

In connection with and following our IPO in November 2014, we have continued to evaluate our executive compensation program and adopt changes that we feel are appropriate for a publicly-traded company and further our compensation strategy, such as:

- <sup>1</sup> Incorporating restricted stock units in 2015 that vest over a period of time.
- <sup>1</sup> Incorporating performance-based restricted stock units in 2016, subject to adjusted diluted net income earnings per share ( EPS ) goals during each of 2016, 2017 and 2018.
- <sup>1</sup> Including a 200% of target cap on our annual cash incentive plan ( MIP ).
- <sup>1</sup> Including language in our 2014 Equity Incentive Plan, as proposed to be amended and restated, to be consistent with the Company's double trigger approach to equity acceleration related to a change of control of the Company.

The following key features of our executive compensation program are designed to align the interests of our NEOs and other senior executives with the interests of our stockholders:

- <sup>1</sup> Independent compensation consultant The Compensation Committee retains an independent compensation consultant, Pearl Meyer & Partners, LLC (the Consultant ), to assist with reviewing and

assessing the competitiveness of our executive compensation program as a public company. The Consultant provides no other services to our Company and has attested to the Compensation Committee that it is independent as required under the provisions of the Dodd-Frank Act;

**Table of Contents**

- 1 Periodic risk assessment The Compensation Committee has concluded that our executive compensation program does not encourage behavior that would create risks reasonably likely to have a material adverse effect on our Company;
- 1 No tax gross-ups Our executive compensation program generally does not allow for tax gross-ups;
- 1 No above-market returns We do not offer preferential or above-market returns on compensation deferred by our NEOs;
- 1 No loans to executive officers We do not make personal loans to our NEOs;
- 1 No guaranteed salary increases Employment agreements for our NEOs do not currently contain any contractual salary increases. The Compensation Committee determines our Chief Executive Officer's salary increase and, together with our Chief Executive Officer, the salary increases for our remaining NEOs;
- 1 Clawback policy Each NEO's employment agreement contains a provision giving the Board discretion to call for recovery of all or a portion of bonus amounts that were awarded and subsequently determined to be based upon financial statements that were restated due to errors, omissions or fraud;
- 1 No-hedging policy Our Policy on Insider Trading and Communication with the Public bars officers, employees and directors from engaging in short sales, publicly traded options transactions and all other hedging of our stock; and
- 1 Pledging Policy Our Policy on Insider Trading and Communications with the Public bars officers, employees and directors from pledging Company stock or other securities as collateral for loans or other obligations.

***Compensation Philosophy***

The Compensation Committee seeks to achieve the following goals in connection with our executive compensation program and decisions regarding individual compensation:

- 1 Attract, motivate and retain high level executive talent;
- 1 Ensure executive compensation is aligned with our corporate strategies and business objectives, including short-term operating goals and long-term strategic objectives;

- <sup>1</sup> Promote the achievement of key strategic and financial performance measures by linking short-term and long-term cash and equity incentives to the achievement of measurable corporate and personal performance goals;
  
- <sup>1</sup> Encourage effective collaboration among our NEOs; and
  
- <sup>1</sup> Align the interests of our executives and stockholders.

To achieve these objectives, in 2015, the Compensation Committee set compensation at levels it believed were in line with compensation of companies in our peer group that compete with us for executive talent. Our executive compensation program ties a substantial portion of each executive's overall compensation to performance by incorporating metrics based on Adjusted EBITDA in the MIP, for example, and considering

**Table of Contents**

our stock performance. Historically, the Compensation Committee has weighted a higher level of the total compensation mix to stock-based compensation. Specifically, we provide a portion of our executive compensation in the form of stock option grants and restricted stock units that vest over time. We believe that our approach to compensation supports the retention of our executives and aligns their interests with those of our stockholders by encouraging executives to participate in the long-term success of our Company and create stockholder value.

***Compensation Program Highlights***

The following is a summary of the highlights of the Company's executive compensation program:

- <sup>1</sup> *MIP cash bonus program reviewed annually; payouts based on rigorous financial performance targets* The Compensation Committee reviews the MIP each year. Annual MIP bonuses depend upon achievement of pre-approved financial performance targets, as well as individual and business unit performance. The annual MIP bonus pool for all our MIP participants historically has varied with the Company's financial performance over the past four years. The Company then distributes a portion of the MIP pool to individual MIP participants based upon Company performance as well as individual and business unit performance. The following table illustrates both MIP pool funding and actual total distribution as a percent of target for all MIP participants over the past three years:

***MIP Financial Achievement and Payout***  
(% of target)

	<b>2013</b>	<b>2014</b>	<b>2015</b>
Achievement & Payout	104.3%	219%*	147%

\*The Compensation Committee used its discretion to limit NEO's MIP payout in 2014 to 200%.

***How Executive Compensation is Determined***

*The Role of the Compensation Committee.* The Compensation Committee is comprised of three non-employee directors of our Board. It is responsible for reviewing, setting and approving the compensation of our NEOs, including our Chief Executive Officer. The Compensation Committee meets regularly regarding compensation issues and receives input from the Consultant and from management. A description of the Compensation Committee's responsibilities is in the Compensation Committee's charter available under Investor Relations' Corporate Governance Documents section of our website at [www.incresearch.com](http://www.incresearch.com).

*The Role of the Independent Executive Compensation Consultant.* In 2015, the Consultant assisted with determining our peer group as well as reviewing executive compensation levels and program designs compared to our peers, including for the long-term incentive awards.

At the discretion of the Compensation Committee, the Consultant may attend its meetings in order to provide timely advice on questions and decisions before the Compensation Committee. The Consultant reports directly to the Compensation Committee and carries out responsibilities as assigned by the Compensation Committee. The Compensation Committee has the sole authority to retain and terminate the Consultant and to approve the Consultant's fees and all other terms of its engagement with the Consultant. The Compensation Committee has direct access to the Consultant throughout the year.



*The Role of Management.* While the Compensation Committee has sole responsibility for approving compensation targets and awards, it solicits input from our Chief Executive Officer in setting the targets, evaluating the performance, and recommending appropriate salary and incentive awards of each of our NEOs, except for himself. The Chief Executive Officer also participates in Compensation Committee meetings at the

**Table of Contents**

request of the Compensation Committee in order to provide background information regarding his recommendations. However, our Chief Executive Officer does not have a vote on Compensation Committee matters. The Chief Administrative Officer, General Counsel and Secretary also participates in and assists the Compensation Committee and Chief Executive Officer on compensation matters, at their discretion. He also acts as the Compensation Committee secretary except during executive sessions. The Compensation Committee holds executive sessions without our Chief Executive Officer or our Chief Administrative Officer, General Counsel and Secretary multiple times during the year to facilitate the exchange of candid views among Compensation Committee members and establish our Chief Executive Officer's compensation.

**Peer Group**

The Compensation Committee considers competitive marketplace practices in making its compensation decisions by comparing our executive compensation against compensation paid to executives in comparable roles at comparable peer group companies and broader industry compensation data as appropriate. We do not target any specific market position in establishing compensation, but generally aim to have a compensation program that is in line with the market, as determined by all of the collected market information. We also consider the performance of our Company with respect to comparative historical financial and stockholder returns of our peer companies and the impact of compensation on our current year operating budget.

In establishing our 2015 peer group, the Compensation Committee and Consultant reviewed the 2014 peer group and considered the size of our Company and the complexity of our business, including industry, customer base, services provided, geographic scope, revenue and market capitalization. Our peer group consists of the following 17 companies (with companies new to the peer group marked with an \*):

Affymetrix Inc.*	Cambrex Corporation*	PAREXEL International Corporation
Albany Molecular Research Inc.*	Catalent, Inc.*	PRA Health Sciences, Inc.*
Allscripts Healthcare Solutions, Inc.	Charles River Laboratories International, Inc.	Premier, Inc.
Bio-Rad Laboratories, Inc.*	ICON Public Limited Company	Quintiles Transnational Holdings Inc.*
Bio-Reference Laboratories, Inc.	MedAssets, Inc.	VWR Corporation*
Bruker Corporation*	Medidata Solutions, Inc.	

The Compensation Committee, with the Consultant's assistance, added the following companies that we believe are more representative of the life sciences tools and services industry: (i) Affymetrix Inc.; (ii) Albany Molecular Research Inc.; (iii) Bio-Rad Laboratories, Inc.; (iv) Bruker Corporation; (v) Cambrex Corporation; (vi) PRA Health Sciences, Inc.; (vii) Quintiles Transnational Holdings Inc.; and (viii) VWR Corporation. In addition, the Compensation Committee approved the inclusion of Catalent, Inc., a pharmaceutical company.

The Compensation Committee removed four companies included in our previous peer group that were either acquired or deemed to no longer be a compelling fit.

- <sup>1</sup> Covance Inc.;
- <sup>1</sup> ExamWorks Group, Inc.;
- <sup>1</sup> IPC Healthcare, Inc.; and

<sup>1</sup> The Advisory Board Company.

The Consultant's analysis showed that, on average, our named executive officer compensation was competitive with the market, albeit on the lower end of the market range. Further, the mix of compensation at our Company was more oriented towards long-term incentive compensation than the peer group. The Consultant noted that it was not unusual for companies like ours that have recently become public to have lower cash compensation than comparable public company peers and that over time, salaries and target bonus levels at newly public company generally become more competitive with their peer groups.

**Table of Contents*****Elements of our Executive Compensation Program***

*Overview of Executive Compensation:* Our executive compensation program generally consists of the following elements:

- 1 Base salary;
- 1 Annual incentive cash bonuses (MIP);
- 1 Equity awards;
- 1 Health, life insurance and other employee benefits; and
- 1 Severance and change of control arrangements.

With these elements of compensation, we believe our Company can remain competitive with our peer group and ensure that our NEOs are appropriately incentivized to deliver short-term results, while also creating long-term stockholder value.

***Target Pay and Mix of Compensation Elements***

Our compensation program operates not only based on the application of comparisons to our peer group and other competitive data, but also through the judgment of the Compensation Committee. The Compensation Committee does not employ a purely formulaic approach to its compensation decisions, but reviews all elements of compensation for each of our NEOs. In addition, in determining current and future compensation, the Compensation Committee considers the economic value as well as the retention value of prior equity grants received by our NEOs and each NEO's compensation compared to the compensation of our other senior team members and other Company employees generally. In determining the reasonableness of a NEO's total compensation, the Compensation Committee considers not only corporate and personal performance compared to targets, but also the nature of each element of compensation provided, including salary, bonus, and long-term incentive compensation, as well as the executive's severance and change of control arrangements.

In 2015, we did not have any formal policy or target for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation, or among the different forms of non-cash compensation. Instead, the Compensation Committee determined what it believed to be the appropriate level and mix of our compensation elements to retain our senior management team, motivate them and align their interests with those of our stockholders. As we develop as a public company, the Compensation Committee will consider moving to a more formal compensation structure.

***Compensation Element Details***

Typically, at the beginning of each fiscal year, the Compensation Committee evaluates actual individual and corporate performance against the goals for the recently completed year. The Chief Executive Officer evaluates the other executives and recommends annual salary increases, management incentive bonuses and equity awards, if any, which are then reviewed and considered by the Compensation Committee. In the case of the Chief Executive Officer, the Compensation Committee conducts his individual performance evaluation and determines his compensation changes and awards. The evaluation and timing of executive reviews and salary increases are aligned with an annual review process that takes place at the same time each year.

*Base Salary.* We use base salary to recognize the experience, skills, knowledge and responsibilities of our NEOs. When establishing base salary for 2015, the Compensation Committee considered the compensation of executives in

our peer group and other available compensation survey data. The Consultant's compensation market analysis found that base salaries for many of our named executives trailed the market, most by considerable amounts. The Compensation Committee will continually review and align as necessary, when

**Table of Contents**

comparing salaries with our peer group to bring NEOs salaries to market over time. In addition to market data, the Compensation Committee reviews a variety of other factors, including but not limited to:

- <sup>1</sup> the historic salary levels of the executive;
- <sup>1</sup> the nature of the individual's responsibilities;
- <sup>1</sup> the availability of well-qualified candidates who could assume the executive's role;
- <sup>1</sup> the executive's tenure and performance in their current role at our Company;
- <sup>1</sup> the executive's history and performance holding positions of similar or greater responsibility at previous place(s) of employment;
- <sup>1</sup> general economic conditions; and
- <sup>1</sup> the Company's financial performance.

The percentage increase in the base salary of each of our NEOs in 2015 as compared to his respective base salary for 2014 is as follows:

Executive	Base Salary Fiscal Year 2014	Base Salary Fiscal Year 2015	% Increase Fiscal 2015 over Fiscal 2014
D. Jamie Macdonald	\$ 475,000	\$ 675,000	42%
Gregory S. Rush	\$ 353,570	\$ 435,000	23%
Alistair Macdonald	\$ 410,912	\$ 450,000	10%
Michael Gibertini, PhD	\$ *	\$ 450,000	*%
Christopher L. Gaenzle	\$ 309,000	\$ 390,000	26%

\*Dr. Gibertini was not a NEO in 2014 and was promoted to President, Clinical Development in January 2015.

*Cash Bonuses pursuant to the MIP.* Our NEOs and other senior management are eligible to receive cash bonuses under the MIP, when Company targets are met. The MIP is intended to focus participants on the accomplishment of organizational goals and specific individual performance objectives identified as critical to our success. Potential amounts payable to participants under the MIP are calculated as a percentage of the participant's base salary for the fiscal year. The Compensation Committee establishes each NEO's payment percentage during the first quarter of the fiscal year based on the NEO's roles and responsibilities, the NEO's target percentage in prior years, the NEO's total compensation and the NEO's performance. The Board sets corporate performance goals for each fiscal year which are used by the Compensation Committee to set the targets for the MIP.

The table below summarizes each NEO's target payment percent of base salary for 2015:

Executive	MIP Target (% of Salary)
D. Jamie Macdonald	85%
Gregory S. Rush	60%
Alistair Macdonald	50%

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Michael Gibertini, PhD	50%
Christopher L. Gaenzle	50%

**Table of Contents**

Following the end of each fiscal year, the Compensation Committee, with the assistance of our Chief Executive Officer for all NEOs other than himself, reviews actual results and performance against the goals for such fiscal year and determines the amounts, if any, of the bonuses to be paid to our NEOs under the MIP. The Compensation Committee may adjust payouts under the MIP based on our NEOs individual results and the degree of difficulty in achieving the results. The Compensation Committee may also reward NEOs outside of the MIP to recognize extraordinary circumstances or performance of the executive or the Company. The Compensation Committee also reserves the right to reduce awards for individuals, or for the executive team as a whole, if, in its judgment, the achievement of certain goals was due to unusual business or environmental factors rather than company or individual performance.

The MIP pool is funded based upon achievement of MIP EBITDA against pre-determined MIP EBITDA objectives set by the Board. MIP EBITDA is calculated by taking our reported Adjusted EBITDA and adjusting it for other items in accordance with the MIP Plan. The pool is then distributed to eligible MIP participants based upon their assigned target payment percentage (as summarized in the table above) and may be adjusted based upon individual performance.

The Compensation Committee set the corporate targets under the MIP for 2015 in early 2015. The corporate target for 2015 under the MIP was equal to our Adjusted EBITDA plus certain additional items as approved by the Board in early 2015 (collectively, the MIP EBITDA). The threshold MIP EBITDA for 2015 was \$160.0M, and the target MIP EBITDA for 2015 was \$175.0M, inclusive of the MIP pool. The maximum MIP EBITDA for 2015 was \$266.05M.

In 2015, the Company achieved MIP EBITDA of \$247.8M, inclusive of the MIP pool. This was calculated by taking our reported Adjusted EBITDA of \$221.4M and adjusting it for the additional items as described above and in accordance with the Plan. These adjustments included a revenue sourcing project and new accounting standard for total of \$1.6M add-back to reported adjusted EBITDA. The calculated MIP EBITDA resulted in MIP pool funding of \$21.7M, or approximately 147% of the targeted payout and associated costs (e.g., payroll taxes) of \$3.1 million. All NEOs received awards that were equivalent to the funded percentage at 147% of target. NEO individual payments under the MIP Plan are shown below.

	Total 2015 MIP Bonus Payout \$
Executive	
D. Jamie Macdonald	\$ 843,413
Gregory S. Rush	\$ 383,670
Alistair Macdonald	\$ 330,877
Michael Gibertini	\$ 330,750
Christopher L. Gaenzle	\$ 286,650

*Equity Awards.* Our equity compensation program aligns executive and stockholder interests by linking a portion of compensation to long-term Company performance. We believe our equity awards incentivize business performance and attract and retain executive talent for the long-term.

During 2015, the Compensation Committee approved long-term incentive awards that vest ratably over 4 years. The amount of these awards was calculated as a percentage of base salary, with each award comprised of 50% stock options and 50% restricted stock units. For stock options, the Compensation Committee applied a 2:1 ratio to convert full-value shares to stock options, which is different than the Company's stock option valuation approach used for calculating the grant date fair value of stock option awards computed in accordance with Financial Accounting



Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation ( FASB ASC Topic 718 ).

**Table of Contents****NEO LTI Grants**

Executive	Grant Value \$
D. Jamie Macdonald	\$ 2,025,000
Gregory S. Rush	\$ 652,500
Alistair Macdonald	\$ 697,978
Michael Gibertini	\$ 675,000
Christopher L. Gaenzle	\$ 585,000

In determining the compensation components going forward, the Compensation Committee added a performance-based equity grant in order to incent the executives and align the Company's compensation practices with the strategy of the Company. On January 19, 2016, we awarded equity grants consisting of stock options, restricted stock units and performance-based restricted stock units, to our NEOs and certain other executives. The performance-based restricted stock units vest up to one-third upon the achievement of adjusted diluted net income earnings per share (EPS) goals during each of 2016, 2017 and 2018. EPS will be as reported in the Company's Forms 10-K or other reports publicly filed with the SEC.

*Benefits Plans.* In 2015, NEOs were eligible to participate in our health and welfare benefits plans under generally the same rules that apply to other employees, with the exception that Mr. D. J. Macdonald has a \$1,000,000 maximum level of coverage for basic life and basic accidental death and dismemberment instead of the \$250,000 maximum for the general employee body, which was increased to \$1,000,000 for the general employee body in 2016. These higher limits were negotiated between the Company and Mr. D. J. Macdonald when he became CEO. Under the plans, eligible employees of the Company and our U.S. subsidiaries may elect to participate in the following plans:

- <sup>1</sup> life insurance (including basic and voluntary life, basic and voluntary accidental death and dismemberment);
- <sup>1</sup> disability (including, short-term disability and long-term disability); and
- <sup>1</sup> healthcare benefits under our healthcare plans.

Mr. A. Macdonald participates in employee benefits plans offered by the Company to all employees in the United Kingdom. The Company's portion of the costs for each NEO's participation in these plans is reported in All Other Compensation in the Summary Compensation Table which follows.

*Retirement Plans.* NEOs are eligible to participate in our 401(k) retirement plan under the same rules that apply to other employees. Under the plan, eligible employees of the Company and our U.S. subsidiaries may elect to defer a percentage of their compensation each year subject to plan limits and caps imposed by the Internal Revenue Service (the IRS). In 2015, our Company made matching contributions of \$0.50 on the dollar for the first six percent of participant contributions (for a match of up to three percent of eligible compensation). In 2016, we changed this to be matching contributions of \$1.00 on the dollar for the first three percent of participant contributions and matching contributions of \$0.50 on the dollar for the next three percent of participant contributions (for a match of up to four and a half percent of eligible compensation).

We also have a non-qualified deferred compensation plan that enables NEOs and other eligible employees to defer receipt of up to 50% of their base salary and up to 100% of their annual bonus under the MIP during their employment or for certain specified minimum deferral periods. The Company does not make any matching or profit sharing contributions under this plan. Accounts are maintained for participants who elect to have their deferrals in a mix of investment options that best suits their goals and risk tolerance. Although we have established a rabbi trust to assist us in meeting our obligations under the plan, account balances under the plan are unsecured under IRS rules and remain part of the Company's general assets until distributed to the participants. The value of a participant's account balance is

based solely on the participant's deferrals and the

**Table of Contents**

investment return on such deferrals given the performance of the investment options that they select. We do not guarantee any minimum return on those investments. No NEOs participated in the plan in 2015; however, Dr. Gibertini has a balance from participating in the plan during previous years.

***Severance and Change of Control Agreements.***

Our NEOs are covered by severance and change of control agreement provisions in their employment agreements which are discussed in the Employment Agreements section of this Proxy Statement.

***Tax and Accounting Considerations***

*Compliance with Internal Revenue Code Section 162(m).* Section 162(m) of the Internal Revenue Code of 1986, as amended, (the Code), generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to our Chief Executive Officer and the three other most highly compensated executive officers (excluding our Chief Financial Officer). Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if specified requirements are met. There can be no assurance that compensation attributable to our incentive arrangements will be treated as qualified performance-based compensation under Section 162(m). In addition, the Compensation Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the limit when the Compensation Committee believes such payments are appropriate and in the best interests of our Company and our stockholders.

Table of Contents**EXECUTIVE COMPENSATION**

The following table sets forth summary compensation information for our NEOs for the fiscal year ended December 31, 2015, 2014 and 2013.

**Summary Compensation Table**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$) (2)</b>	<b>Stock Awards (\$) (3)</b>	<b>Option Awards (\$) (4)</b>	<b>Non-Equity Incentive Compensation (\$) (7)</b>	<b>Change in Pension Value and Non- Qualified Deferred Compensation Earnings (\$) (8)</b>	<b>All Other Compensation (\$) (9)</b>	<b>Total (\$)</b>
<b>D. Jamie</b>								
	2015	692,394	1,012,508	672,687	843,413	-	23,072	3,244,074
<i>Macdonald, Chief Executive Officer and Director</i>	2014	477,133		971,793	1,212,500	-	19,522	2,680,948
	2013	407,692		2,166,420(5)	208,640	-	18,559	2,801,311
<b>Gregory S.</b>								
<i>Rush, Executive Vice President and Chief Financial Officer</i>	2015	449,118	326,256	216,757	383,670	-	25,834	1,401,635
	2014	368,935		331,003	653,570	-	26,129	1,379,637
	2013	125,412		1,596,900	62,020	-	10,654	1,794,986
<b>Alistair</b>								
<i>Macdonald(1), President and Chief Operating Officer</i>	2015	461,280	349,004	231,870	330,877	-	67,139	1,440,170
	2014	403,931		529,606	637,658	-	60,821	1,632,016
	2013	373,967		1,071,252(6)	136,765	-	74,258	1,656,242

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Michael Gibertini, PhD, <i>President, Clinical Development</i>	2015	461,399	337,489	224,234	330,750	-	17,756	1,371,628
Christopher L. Gaenzle, <i>Chief Administrative Officer, General Counsel and Secretary</i>	2015	405,951	292,515	194,327	286,650	-	22,593	1,202,036
	2014	311,264		331,003	410,400	-	26,077	1,078,744

1. Alistair Macdonald is paid in British Pound Sterling (the GBP). Other than the value of the stock awards and options awards, the amounts earned by Mr. A. Macdonald reported in this Summary Compensation Table have been converted to U.S. dollars using the average weekly exchange rate from GBP to U.S. dollars in 2015 of 1 GBP/1.5287 U.S. dollars, in 2014 of 1 GBP/1.6484 U.S. dollars, and in 2013 of 1 GBP/1.563 U.S. dollars as published by the Oanda Corporation, a financial services provider of currency conversion.
2. For 2015, this column includes \$627,490, \$415,656, \$452,576, \$449,283 and \$370,759 for salary earned by Jamie Macdonald, Greg Rush, Alistair Macdonald, Michael Gibertini and Christopher Gaenzle, respectively

**Table of Contents**

- and \$64,904, \$33,462, \$8,703, \$12,115 and \$35,192 of accrued and unused vacation time for Messrs. D. J. Macdonald, Rush, A. Macdonald, Gibertini and Gaenzle, respectively. For 2014, this column includes \$456,897, \$352,708, \$403,931 and \$306,828 for salary earned by Jamie Macdonald, Greg Rush, Alistair Macdonald and Christopher Gaenzle, respectively, and \$20,236, \$16,226, \$0 and \$4,435 of accrued and unused vacation time for Messrs. D. J. Macdonald, Rush, A. Macdonald and Gaenzle, respectively. For 2013, this column includes \$400,000, \$118,462, and \$371,806 for salary earned by Messrs. D. J. Macdonald, Rush, and A. Macdonald, respectively, and \$7,692, \$6,950, and \$2,161 of accrued and unused vacation time for Messrs. D. J. Macdonald, Rush, and A. Macdonald, respectively. For 2013, Mr. Rush's base salary of \$350,000 was pro-rated from his date of hire of August 30, 2013.
3. Represents the aggregate grant date fair value of the restricted stock unit computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation ( FASB ASC Topic 718 ). These values have been determined based on the assumptions set forth in Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.
  4. Represents the aggregate grant date fair value of the option awards computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation ( FASB ASC Topic 718 ). These values have been determined based on the assumptions set forth in Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.
  5. Consists of \$1,375,575 in incremental increase in fair value of an option granted on September 19, 2011 to acquire 295,857 Common Units (as defined in the Company's 2010 Equity Incentive Plan) and \$790,845 in incremental increase in fair market value of an option granted on January 1, 2013 to acquire 177,514 Common Units, both due to amendments to the options by the Board on August 5, 2013 as set forth in Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.
  6. Consists of \$679,505 in incremental increase in fair value of an option granted on October 5, 2010 to acquire 148,402 Common Units and \$391,747 in incremental increase in fair market value of an option granted on September 24, 2012 to acquire 88,284 Common Units, both due to amendments to the options by the Board on August 5, 2013 as set forth in Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.
  7. Bonus amounts paid in 2013, 2014 and 2015 were made under the MIP and are reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Amount shown for Mr. Rush for 2013 is prorated based on his date of hire of August 30, 2013.
  8. Represents the above market or preferential earnings under our elective non-qualified deferred compensation plan.





**Table of Contents**

9. Includes the following for each NEO:

Name	Year	Company Contribution to Retirement /401(k) Plan (\$)	Life Insurance Premiums (\$)	Disability Insurance Premiums (\$)	Health Insurance Premiums (\$)
D. Jamie Macdonald	2015	7,950	768	662	13,692
	2014	7,572	730	512	10,708
	2013	7,524	614	1002	9,419
Gregory S. Rush	2015	7,950	192	662	17,030
	2014	7,800	192	512	17,625
	2013	1,077	403	293	5,166
Alistair Macdonald	2015	46,386	1,392	1,656	718
	2014	41,787	206		511
	2013	38,150	238		589
Michael Gibertini	2015	7,950	192	662	8,952
Christopher L Gaenzle	2015	4,763	192	662	16,976
	2014	7,800	192	512	17,573

For 2015 and 2014, also includes reimbursement of \$16,987 and \$18,317, respectively, to Mr. A. Macdonald for a car allowance. For 2013, also includes reimbursement of \$3,715 in legal expenses related to the negotiation of Mr. Rush's employment agreement and \$17,368 and \$17,913 to Mr. A. Macdonald for a car allowance and relocation expenses, respectively.

For 2013, also includes reimbursement of \$3,715 in legal expenses related to the negotiation of Mr. Rush's employment agreement and \$17,368 and \$17,913 to Mr. A. Macdonald for a car allowance and relocation expenses, respectively.

**Table of Contents****2015 GRANTS OF PLAN-BASED AWARDS**

The following table sets forth information regarding the grants of plan-based awards to our NEOs in 2015.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (1)	All Other Awards: Number of Securities Underlying Options (#) (1)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (2)
		Threshold (\$)	Target (\$)	Maximum (\$)				
D. Jamie	-	\$286,875	\$573,750	n/a	25,237	50,474	\$40.12	\$672,687
Macdonald, <i>Chief Executive Officer and Director</i>	6/30/2015						\$40.12	\$1,012,508
Gregory S.	-	\$130,500	\$261,000	n/a	8,132	16,264	\$40.12	\$216,757
Rush, <i>Executive Vice President and Chief Financial Officer</i>	6/30/2015						\$40.12	\$326,256
Alistair Macdonald,	6/30/2015	\$112,543	\$225,086	n/a	8,699	17,398	\$40.12	\$231,870
Macdonald,	6/30/2015						\$40.12	\$349,004

<i>President and</i>	6/30/2015								
<i>Chief</i>									
<i>Operating</i>									
<i>Officer</i>									
Michael	-	\$112,500	\$225,000	n/a	8,412	16,825	\$40.12	\$224,234	
Gibertini, PhD,	6/30/2015						\$40.12	\$337,489	
<i>President,</i>	6/30/2015								
<i>Clinical</i>									
<i>Development</i>									
Christopher L.	-	\$97,500	\$195,000	n/a	7,291	14,581	\$40.12	\$194,327	
Gaenzle,	6/30/2015						\$40.12	\$292,515	
<i>Chief</i>	6/30/2015								
<i>Administrative</i>									
<i>Officer,</i>									
<i>General</i>									
<i>Counsel and</i>									
<i>Secretary</i>									

- (1) The restricted stock units and stock option awards above were granted under the 2014 Equity Incentive Plan. All shares vest in four equal annual installments beginning on the first anniversary of the date of grant.
- (2) These amounts do not reflect the actual economic value received by our NEOs. The amounts reported in this column are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The fair value of the stock options is estimated on the date of grant using the Black-Scholes-Merton option pricing model. See Note 8 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, for a discussion of the relevant assumptions used in calculating these amounts.

**Table of Contents**

**OUTSTANDING EQUITY AWARDS AS OF DECEMBER 31, 2015**

The following table lists the outstanding equity awards held by our NEOs as of December 31, 2015.

Name	Vesting Commencement Date	Option Awards			Stock Awards		
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Exercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
D. Jamie Macdonald, <i>Chief Executive Officer and Director</i>	7/28/2011						