

NCI BUILDING SYSTEMS INC  
Form DEF 14A  
January 27, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

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 under Rule 14a-12

NCI BUILDING SYSTEMS, INC.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- 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:

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

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(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 much it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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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:

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

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(3) Filing Party:

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(4) Date Filed:

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January 27, 2016

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of NCI Building Systems, Inc. to be held at 10:00 a.m. CST on Thursday, February 25, 2016, at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024. At this meeting you will be asked to:

- Proposal 1: Elect the three (3) Class II directors named in the accompanying proxy statement to serve until the (1) 2019 Annual Meeting of Stockholders or until their respective successors have been elected and shall have qualified;
- (2) Proposal 2: Ratify the appointment of Ernst & Young LLP as NCI Building Systems, Inc.'s independent registered public accounting firm for fiscal 2016; and
- (3) Transact such other business as may properly come before the Annual Meeting of Stockholders or any reconvened meeting following any adjournment or postponement thereof.

It is important that your shares be represented at the Annual Meeting of Stockholders. Therefore, whether or not you expect to attend in person, please sign and date the enclosed proxy and return it in the enclosed envelope or submit your proxy using the telephone or Internet procedures that may be provided to you at your earliest convenience. Please note that using any of these methods will not prevent you from attending the meeting and voting in person.

Very truly yours,  
NORMAN C. CHAMBERS

NORMAN C. CHAMBERS  
Chairman of the Board and  
Chief Executive Officer

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NCI BUILDING SYSTEMS, INC.  
10943 North Sam Houston Parkway West  
Houston, Texas 77064

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NOTICE OF  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD FEBRUARY 25, 2016

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The Annual Meeting of Stockholders of NCI Building Systems, Inc. will be held at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024, on Thursday, February 25, 2016, at 10:00 a.m. CST. The Annual Meeting of Stockholders will be held for the following purposes:

- Proposal 1: The election of the three (3) Class II directors named in the accompanying proxy statement to serve (1) until the 2019 Annual Meeting of Stockholders or until their respective successors have been elected and shall have qualified;
- (2) Proposal 2: Ratification of the appointment of Ernst & Young LLP as NCI Building Systems, Inc.'s independent registered public accounting firm for fiscal 2016; and
- (3) The transaction of such other business as may properly come before the Annual Meeting of Stockholders or any reconvened meeting following any adjournment or postponement thereof.

Only stockholders of record at the close of business on January 14, 2016 are entitled to notice of, and to vote at, the meeting or any reconvened meeting following any adjournment or postponement thereof.

We are first sending this proxy statement and the enclosed proxy form to stockholders on or about January 27, 2016.

We believe that it is desirable that as large a proportion as possible of the stockholders' interests be represented at our Annual Meeting. Whether or not you plan to attend our Annual Meeting, we request that you properly date and sign the enclosed form of proxy and promptly return it to us using the enclosed addressed and stamped envelope. If you are present at the meeting and wish to do so, you may revoke the proxy and vote in person. If, however, you hold your shares through a nominee or broker, you must obtain a signed proxy from the broker in order to be able to vote in person.

By order of the Board of Directors,

TODD R. MOORE

TODD R. MOORE  
Executive Vice President, General Counsel and  
Corporate Secretary

Houston, Texas  
January 27, 2016

Important Notice Regarding the Availability of  
Proxy Materials for the Stockholder Meeting to Be Held February 25, 2016

The Notice of Annual Meeting of Stockholders, our Proxy Statement and our Annual Report to Stockholders are available at [www.edocumentview.com/NCS](http://www.edocumentview.com/NCS).

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PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

To Be Held February 25, 2016

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NCI BUILDING SYSTEMS, INC.  
10943 North Sam Houston Parkway West  
Houston, Texas 77064  
(281) 897-7788

PROXY STATEMENT  
FOR  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD FEBRUARY 25, 2016

This proxy statement is furnished to stockholders of NCI Building Systems, Inc. (“NCI,” the “Company,” “we,” and “us”) in connection with the solicitation of proxies to be used at our Annual Meeting of Stockholders (the “Annual Meeting”) to be held February 25, 2016 at 10:00 a.m. CST. By granting a proxy, you authorize the persons named in the proxy to represent you and vote your shares at the Annual Meeting. Those persons will also be authorized to vote your shares to adjourn the Annual Meeting from time to time and to vote your shares at any adjournments or postponements of the Annual Meeting. Stockholders have a choice of voting over the Internet, at [www.investorvote.com/NCS](http://www.investorvote.com/NCS), by telephone using the number 1-800-652-8683, or using a traditional proxy card. The deadline for voting by telephone or electronically is 5:00 p.m. CST, on February 24, 2016.

If you give a proxy on the enclosed form, or by telephone or the Internet, you may revoke it at any time before it is exercised at the Annual Meeting by (1) delivering written notice of revocation to the Corporate Secretary of NCI, (2) signing, dating and delivering to the Corporate Secretary of NCI a later dated proxy at our principal executive offices, which are located at 10943 North Sam Houston Parkway West, Houston, Texas 77064, or (3) attending and voting in person by completing a ballot at the Annual Meeting. Attendance at the Annual Meeting will not, in itself, constitute revocation of a completed and delivered proxy card.

If you are a street name stockholder (meaning that your shares are held in a brokerage account by a bank, broker or other nominee) and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, broker or nominee in accordance with that entity’s procedures.

We are first sending this proxy statement and the enclosed proxy form to stockholders on or about January 27, 2016.

**ACTION TO BE TAKEN AT ANNUAL MEETING**

When you have appropriately specified how your proxy should be voted, the proxy will be voted accordingly. If you properly complete and return a proxy, but do not indicate any contrary voting instructions, your shares will be voted as follows:

• **FOR** Proposal 1, the election as directors of the nominees listed under “Election of Directors;”

• **FOR** Proposal 2, the ratification of Ernst & Young LLP as NCI’s independent registered public accountants for the year scheduled to end on October 30, 2016 (“Fiscal 2016”); and

• **At the discretion of the proxy holders, either FOR or AGAINST** any other matter or business that may properly come before the Annual Meeting.

As of the date hereof, our Board of Directors (our “Board”) is not aware of any other such matter or business to be transacted at our Annual Meeting. If other matters requiring a vote of the stockholders arise, the persons designated as proxies will vote the shares of common stock of the Company, par value \$0.01 per share (the “Common Stock”), represented by the proxies in accordance with their judgment on those matters.

**SOLICITATION OF PROXIES**

Our Board is soliciting proxies from the holders of record of our Common Stock at the close of business on January 14, 2016. We will bear the entire cost of soliciting proxies, including the cost of the preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to our stockholders in connection with the Annual Meeting, and no other person or persons will bear those costs either directly or indirectly.

The solicitation of proxies by our Board of Directors will be conducted primarily by mail. In addition, our officers, directors and employees may solicit proxies personally or by telephone, facsimile or electronic means. These officers, directors and employees will not receive any extra compensation for these services, but may be reimbursed for their reasonable expenses in forwarding solicitation material.



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Our transfer agent, Computershare Investor Services, Inc., will assist us in the distribution of proxy materials and will provide voting and tabulation services for the Annual Meeting. For these services, we estimate that we will pay approximately \$45,000 in the aggregate for fees and expenses. In addition, we will reimburse brokers, custodians, nominees and fiduciaries for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of our Common Stock.

## OUTSTANDING CAPITAL STOCK

The record date for stockholders entitled to notice of, and to vote at, the Annual Meeting is January 14, 2016. At the close of business on that date we had 73,961,022 shares of Common Stock issued and outstanding and entitled to be voted at the Annual Meeting. Each share of Common Stock outstanding on the record date is entitled to one vote.

Unless otherwise noted, the following tables set forth, as of January 14, 2016 (the "Ownership Date"), the number of shares of our equity securities beneficially owned by (1) each person or group known by us to own beneficially more than 5% of the outstanding shares of any class of our equity securities, (2) each director and nominee for director, (3) each of our executive officers identified under the caption "Executive Compensation," and (4) all current directors and executive officers as a group. Except as otherwise indicated, each of the persons or groups named below has sole voting power and investment power with respect to the Common Stock. Unless otherwise noted, the mailing address of each person or entity named below is 10943 North Sam Houston Parkway West, Houston, Texas 77064.

| Name of Beneficial Owner or Group   | Beneficial Ownership <sup>(1)</sup> |         |
|---|-------------------------------------|---------|
|   | Number of Shares Common Stock       | Percent |
| Clayton Dubilier & Rice Fund VIII, L.P. <sup>(2)</sup>  | 43,103,910                          | 56.89   |
| CD&R Friends & Family Fund VIII, L.P. <sup>(2)</sup>  | 107,907                             | *       |
| Norman C. Chambers <sup>(3)</sup>   | 1,249,646                           | 1.65    |
| Kathleen J. Affeldt <sup>(3)</sup>  | 42,178                              | *       |
| George L. Ball <sup>(3)</sup>   | 23,365                              | *       |
| James G. Berges <sup>(3)(6)</sup>   | —                                   | *       |
| Matthew J. Espe <sup>(3)</sup>  | —                                   | *       |
| Gary L. Forbes <sup>(3)</sup>   | 55,251                              | *       |
| John J. Holland <sup>(3)</sup>  | 26,852                              | *       |
| Lawrence J. Kremer <sup>(3)</sup>   | 25,533                              | *       |
| George Martinez <sup>(3)</sup>  | 38,999                              | *       |
| Nathan K. Sleeper <sup>(3)(6)</sup>   | —                                   | *       |
| Jonathan L. Zrebiec <sup>(3)(6)</sup>   | —                                   | *       |
| Mark W. Dobbins <sup>(3)</sup>  | 420,451                             | *       |
| Mark E. Johnson <sup>(3)</sup>  | 541,363                             | *       |
| Todd R. Moore <sup>(3)(4)</sup>   | 200,793                             | *       |
| Donald R. Riley <sup>(3)</sup>  | 33,861                              | *       |
| Bradley D. Robeson <sup>(3)(5)</sup>  | 298,329                             | *       |
| Katy K. Theroux <sup>(3)</sup>  | 13,374                              | *       |
| All directors and executive officers as a group (21 persons) <sup>(6)</sup><br><sup>(7)</sup> | 3,401,294                           | 4.49    |

\*Less than 1%.

- (1) Includes shares beneficially owned by the listed persons, including unvested restricted shares granted in December 2015 and prior years, shares owned under our 401(k) Profit Sharing Plan and phantom units owned under our Deferred Compensation Plan, but does not include any of the performance share units granted to the listed persons in December 2014 and December 2015 (see “Compensation Discussion & Analysis — Long-Term Incentive Compensation”). If a person has the right to acquire beneficial ownership of any shares by exercise of options previously granted within 60 days after the Ownership Date, those shares are deemed beneficially owned by that person as of the Ownership Date and are deemed to be outstanding solely for the purpose of determining the percentage of the Common Stock that he or she owns. Those shares are not included in the computations for any other person. Please see the tables accompanying footnotes 3 and 7 below for additional information regarding equity compensation awards held by the listed persons.

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Unless otherwise indicated, Clayton, Dubilier & Rice Fund VIII, L.P. and CD&R Friends & Family Fund VIII, L.P. are referred to collectively as the “Investors.” Does not include 66,852 restricted shares of Common Stock and (2) 21,400 restricted stock units issued to Clayton, Dubilier & Rice, LLC (“CD&R, LLC”), as assignee of director compensation payable to Messrs. James G. Berges, Nathan K. Sleeper and Jonathan L. Zrebiec.

The general partner of each of the Investors is CD&R Associates VIII, Ltd., whose sole stockholder is CD&R Associates VIII, L.P. The general partner of CD&R Associates VIII, L.P. is CD&R Investment Associates VIII, Ltd. CD&R Investment Associates VIII, Ltd. is managed by a two-person board of directors. Donald J. Gogel and Kevin J. Conway, as the directors of CD&R Investment Associates VIII, Ltd., may be deemed to share beneficial ownership of the shares of Common Stock shown as beneficially owned by the Investors. Such persons expressly disclaim such beneficial ownership. Investment and voting decisions with respect to shares held by each of the Investors are made by an investment committee of limited partners of CD&R Associates VIII, L.P., currently consisting of more than ten individuals (the “Investment Committee”). The CD&R investment professionals who have effective voting control of the Investment Committee are Michael G. Babiarz, Vindi Banga, James G. Berges, John C. Compton, Kevin J. Conway, Thomas C. Franco, Kenneth A. Giuriceo, Donald J. Gogel, Marco Herbst, George K. Jaquette, John Krenicki, Jr., David A. Novak, Paul S. Pressler, Christian Rochat, Richard J. Schnall, Nathan K. Sleeper, Sonja Terraneo and David H. Wasserman. All members of the Investment Committee expressly disclaim beneficial ownership of the shares shown as beneficially owned by the Investors.

Each of CD&R Associates VIII, L.P., CD&R Associates VIII, Ltd. and CD&R Investment Associates VIII, Ltd. expressly disclaims beneficial ownership of the shares held by the Investors and the restricted shares held by CD&R, LLC as assignees of director compensation payable to Messrs. Berges, Sleeper and Zrebiec. The Investors expressly disclaim beneficial ownership of the restricted shares held by CD&R, LLC as assignees of director compensation payable to Messrs. Berges, Sleeper and Zrebiec. CD&R, LLC expressly disclaims beneficial ownership of the shares held by the Investors.

The address for the Investors, CD&R Associates VIII, L.P., CD&R Associates VIII, Ltd. and CD&R Investment Associates VIII, Ltd. is c/o Maples Corporate Services Limited, P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands. The address for CD&R, LLC is 375 Park Avenue, 18<sup>th</sup> Floor, New York, NY 10152.

The number of shares of Common Stock beneficially owned by each person includes options exercisable on the Ownership Date but excludes options not exercisable within 60 days after the Ownership Date. No currently unexercisable options would become exercisable within 60 days after the Ownership Date. The number of shares of Common Stock beneficially owned by each person also includes unvested shares of restricted stock. Each owner (3) of shares of issued restricted stock has the right to vote his or her shares but may not transfer them until they have vested. The number of shares of Common Stock beneficially owned by each person also does not include unvested restricted stock units (other than 3,248 restricted stock units held by Mr. Chambers, which will become vested in the 60 days after the Ownership Date) and performance share units. For more information about outstanding restricted stock units and performance share units, see “Compensation Discussion & Analysis — Long-Term Incentive Compensation.”

|                                | Options                                   |  | Unvested Restricted Stock (included in the table above) | Unvested Restricted Stock Units (not included in the table above) |
|--------------------------------|---|--|---|---|
|                                | Exercisable (included in the table above) | Not Exercisable Within 60 Days (not included in the table above) |   |   |
| Norman C. Chambers             | 642,471                                   | —  | 52,458  | 127,696   |
| Kathleen J. Affeldt            | 21,788                                    | —  | 5,375   | 7,134   |
| George L. Ball                 | —   | —  | 2,862   | 7,134   |
| James G. Berges <sup>(6)</sup> | —   | —  | —   | —   |
| Matthew J. Espe                | —   | 7,134  | —   | 3,567   |
| Gary L. Forbes                 | 1,757                                     | 12,406   | 2,738   | 3,567   |

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|                                    |         |        |        |        |
|------------------------------------|---------|--------|--------|--------|
| John J. Holland                    | 13,458  | 18,589 | 3,214  | —      |
| Lawrence J. Kremer                 | 7,865   | 1,369  | 4,690  | 7,134  |
| George Martinez                    | —       | —      | 5,375  | 7,134  |
| Nathan K. Sleeper <sup>(6)</sup>   | —       | —      | —      | —      |
| Jonathan L. Zrebiec <sup>(6)</sup> | —       | —      | —      | —      |
| Mark W. Dobbins                    | 257,142 | —      | —      | —      |
| Mark E. Johnson                    | 345,254 | —      | 17,836 | 33,883 |
| Todd R. Moore                      | 90,038  | —      | 7,869  | 16,942 |
| Donald R. Riley                    | —       | —      | 30,178 | 24,967 |
| Bradley D. Robeson                 | 215,834 | —      | —      | —      |
| Katy K. Theroux                    | —       | —      | 11,995 | 14,267 |

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- (4) 59,853 shares of Common Stock are pledged by Mr. Moore to secure a line of credit as to which he has sole voting and investment power.
- (5) 15,000 shares of Common Stock are pledged by Mr. Robeson to secure a line of credit as to which he has sole voting and investment power.  
Does not include 43,211,817 shares of Common Stock held by investment funds associated with or designated by CD&R, LLC, 66,852 restricted shares of Common Stock issued to CD&R, LLC, or 21,400 restricted stock units issued to CD&R, LLC, as assignee of compensation payable to Messrs. Berges, Sleeper and Zrebiec. Messrs. Berges, Sleeper and Zrebiec are members of our Board and executives of CD&R, LLC. Messrs. Berges, Sleeper and Zrebiec disclaim beneficial ownership of the shares held by CD&R, LLC and by investment funds associated with or designated by CD&R, LLC.
- (6) The number of shares of Common Stock beneficially owned by each director and executive officer as a group includes beneficial ownership of the additional officers listed in the table below. As with the officers and directors listed individually, the number of shares of Common Stock beneficially owned by each person includes options exercisable on the Ownership Date or within 60 days after the Ownership Date and excludes options not exercisable within 60 days after the Ownership Date. The number of shares of Common Stock beneficially owned by each person also includes unvested shares of restricted stock. Each owner of restricted stock has the right to vote his or her shares but may not transfer them until they have vested. The number of shares of Common Stock beneficially owned by each person also does not include unvested restricted stock units and performance share units.

|                     | Options   |   |   |  |
|---------------------|---|---|---|--|
|                     | Exercisable<br>(included in the<br>table above) | Not Exercisable<br>Within 60 Days<br>(not included in<br>the table above) | Unvested Restricted<br>Stock (included in<br>the table above) | Unvested Restricted<br>Stock Units<br>(not included in<br>the table above) |
| Eric J. Brown       | 40,762  | —   | 5,246   | 10,700   |
| John L. Kuzdal      | 170,148   | —   | 9,443   | 19,617   |
| Bradley S. Little   | —   | —   | 4,197   | 17,834   |
| Robert D. Ronchetto | —   | —   | 5,246   | 12,484   |

QUORUM AND VOTING

The presence in person or by proxy of the holders of a majority of the voting power of the stock entitled to vote at an Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Each outstanding share of Common Stock is entitled to one vote. All routine matters will be decided by the vote of a majority of the votes cast by the stockholders present in person or by proxy and entitled to vote on the matter, a quorum being present.

Those nominees receiving a plurality of all of the votes cast on Proposal 1 at the Annual Meeting shall be elected to our Board. Clayton, Dubilier & Rice Fund VIII, L.P. and CD&R Friends & Family Fund VIII, L.P., referred to collectively as the “Investors,” which own or beneficially own shares of Common Stock representing over 50% of our outstanding voting power as of January 14, 2016, have expressed their intention to vote for the election as directors each of the nominees listed under “Election of Directors.”

The total number of votes cast on Proposal 2, for ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 30, 2016, must represent at least the majority of the votes cast in person or by proxy at the Annual Meeting.

Abstentions are counted for the purpose of determining the presence of a quorum at the Annual Meeting. An abstention has no effect on Proposal 1. With respect to Proposal 2, an abstention has the same effect as a vote against these proposals.

Brokers holding shares must vote according to specific instructions they receive from the beneficial owners. Broker non-votes occur when brokers do not have discretionary voting authority to vote certain shares held in “street name” on particular proposals under the New York Stock Exchange (“NYSE”) rules, and the “beneficial owner” of those shares has not instructed the broker to vote on those proposals. The NYSE’s Rule 452 precludes brokers from voting on non-discretionary proposals without specific instructions from the beneficial owner.

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If you are a beneficial owner, your bank, broker, dealer, custodian or other nominee is permitted to vote your shares only with regard to Proposal 2 to ratify the appointment of the independent registered public accounting firm, even if the holder does not receive voting instructions from you. A broker non-vote is treated as “present” for purposes of determining the existence of a quorum. For purposes of electing directors, a broker non-vote will not affect the outcome of the elections.

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### PROPOSAL 1: ELECTION OF DIRECTORS

Our Restated Certificate of Incorporation (the “Certificate of Incorporation”) and Fourth Amended and Restated By-Laws (the “By-Laws”) provide that the number of directors on our Board shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of our Board. The number of members constituting our Board is currently fixed at eleven.

In accordance with our Certificate of Incorporation and By-Laws, our Board is divided into three classes, as nearly equal in number as reasonably possible, and members are elected for a term of office expiring at the third succeeding annual stockholders’ meeting following their election to office or until a successor is duly elected and qualified. Except as otherwise provided by the Stockholders Agreement by and between us and the Investors dated as of October 20, 2009 (the “Stockholders Agreement”), under our By-Laws, newly created directorships resulting from any increase in the authorized number of directors or any vacancies on our Board resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled only by a majority of the votes that can be cast by directors then in office, though less than a quorum, and directors so chosen hold office until the Annual Meeting of stockholders at which the term of office of the class to which the director has been elected expires. The terms of office of each of the Class II directors expire at this Annual Meeting and the terms of office of each of the Class III and Class I directors expire at the Annual Meetings in 2017 and 2018, respectively. Under our By-Laws, no person may stand for election as a director after such person has surpassed the age of 78.

Three Class II directors are to be elected at the Annual Meeting for a term expiring at the Annual Meeting to be held in 2019, or until their respective successors are duly elected and qualified. If, at the time of or prior to our Annual Meeting, any of the nominees should be unable or decline to serve, the discretionary authority provided in the proxy may be used to vote for a substitute or substitutes designated by our Board. Our Board has no reason to believe that any substitute nominee or nominees will be required. However, if a nominee should become unable or unwilling to serve for any reason, proxies may be voted for another person nominated as a substitute by our Board, or our Board may reduce its size. No proxy will be voted for a greater number of persons than the number of nominees named herein.

Our Board believes that each of our directors is highly qualified to serve as a member of our Board. Each of the directors has contributed to the mix of skills, core competencies and qualifications of our Board. Our directors are highly educated and have diverse backgrounds and talents and extensive track records of success in what we believe are highly relevant positions with some of the most reputable organizations in the world. Our Board has also considered the fact that all of our directors have worked for, or served on the boards of directors of, a variety of companies in a wide range of industries. Many of our directors also have served as directors of our company for many years and benefit from an intimate knowledge of our operations and corporate philosophy. Our Board believes that through their varying backgrounds, our directors bring a wealth of experiences and new ideas to our Board.

Described in the following pages are the principal occupations and positions and directorships for at least the past five years of our directors and director nominees, as well as certain information regarding their individual experience, qualifications, attributes and skills that led our Board to conclude that they should serve on the Board. There are no family relationships among any of our directors or executive officers.

#### Nominees for Election as Director

#### Class II Nominees for Election as Directors Who Serve Until the Annual Meeting to Be Held in 2019:

Gary L. Forbes



Mr. Forbes, age 71, has served as a director since December 1991. Mr. Forbes serves on the Executive Committee, Affiliate Transactions Committee and the Nominating and Corporate Governance Committee, and is the Chairman of the Audit Committee of our Board of Directors. In addition, Mr. Forbes is our designated Audit Committee financial expert. Mr. Forbes was a Senior Vice President of Equus Total Return, Inc., an investment company, from November 1991 until his retirement in March 2010. Mr. Forbes was a director of Consolidated Graphics, Inc., a publicly traded commercial printing company, where he served on its audit committee, from 1993 until January 2014. Mr. Forbes previously served on the board of directors of Carriage Services, Inc., a publicly traded funeral services company, from May 2007 to February 2009. Mr. Forbes earned a B.B.A. in Accounting from the University of Texas at Austin and is a certified public accountant.

Director Qualifications: Mr. Forbes's background has provided our Board of Directors with valuable financial and accounting expertise as our financial expert on the Audit Committee of our Board of Directors. Additionally, having served as a member of our Board of Directors since 1991, Mr. Forbes has a deep historical understanding of our business, operations and culture.

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George Martinez

Mr. Martinez, age 74, has served as a director since March 2003. He serves on the Audit Committee and the Affiliate Transactions Committee of our Board of Directors. Mr. Martinez is Chairman and Chief Executive Officer of Allegiance Bancshares, Inc., a publicly traded bank holding company for Allegiance Bank, a Texas banking association headquartered in Houston, Texas that opened for business in October 2007. He has been active as a bank executive in Houston for over 40 years and is the former Chairman of Sterling Bancshares, Inc., a publicly traded bank holding company. Mr. Martinez served as President of Chrysalis Partners, LLC, a performance consulting firm, from 1999 to 2008. He serves his community on the boards of directors of the University of St. Thomas and Collaborative for Children. Mr. Martinez has a B.A. in Business Administration and Economics from Rice University.

Director Qualifications: Mr. Martinez's background and experience in performance consulting and as an executive in the banking industry allow him to provide to the Board valuable financial, accounting and operational expertise. Additionally, having served as a member of our Board of Directors since 2003, Mr. Martinez has a high degree of familiarity with our business, operations and culture.

Jonathan L. Zrebiec

Mr. Zrebiec, age 36, has served as a director since November 2009. Mr. Zrebiec is a financial principal of CD&R, LLC, the successor to the investment management business of CD&R, Inc., which he joined in 2004. Prior to joining CD&R, Inc., he was employed by Goldman, Sachs & Co. in the Investment Banking Division. He currently serves as a director of Atkore International Group, Inc., Hussmann International, Inc., Wilsonart International Holdings LLC and Brand Energy & Infrastructure Services, Inc. Mr. Zrebiec was a director of Roofing Supply Group, LLC from May 2012 to September 2015. Mr. Zrebiec holds a B.S. in Economics from the University of Pennsylvania and holds an M.B.A. from Columbia University.

Director Qualifications: Mr. Zrebiec's experience in the financial and investing community provides our Board with insight into business strategy, improving financial performance and the economic environment in which we operate.

Vote Required

The affirmative vote of a plurality of all of the votes cast at the Annual Meeting is required for approval of each of the nominees for Class II director in this Proposal 1. If you own shares through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares so that your vote can be counted on this proposal.

The Investors, which own or beneficially own shares of Common Stock representing over 50% of the outstanding voting power of NCI as of January 14, 2016, have expressed their intention to vote "For" each of the Class II nominees listed above in this Proposal 1.

Recommendation of Our Board of Directors

**OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE CLASS II NOMINEES LISTED ABOVE.**

Directors Remaining in Office

Class III Directors Who Serve Until the Annual Meeting to Be Held in 2017:

Norman C. Chambers

Mr. Chambers, age 66, has served as our Chairman of the Board since January 2008 and as our Chief Executive Officer since January 2007. He served as our President and Chief Executive Officer from January 2007 to January 2016 and as our President and Chief Operating Officer from April 2004 to January 2007, and has served as one of our directors since May 2003. Mr. Chambers serves on the Executive Committee of our Board of Directors. Mr. Chambers was a director and President of Comfort Systems USA, Inc., a provider of heating, ventilation and air conditioning services, from November 2002 until April 2004, and also served as Chief Operating Officer from February 2003 until April 2004. From November 2001 to October 2002, Mr. Chambers was Chief Operating Officer of Capstone Turbine Corporation, a distributive generation technology company. From April 2000 to September 2001, Mr. Chambers served as President and Chief Executive Officer of Petrocosm Corporation, a privately held e-commerce business serving the energy industry. From June 1985 to April 2000, Mr. Chambers served in various executive positions with Halliburton Company, a provider of energy services and related engineering and construction services, and its subsidiaries. In 2011, Mr. Chambers was

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appointed to serve as a director of the Business Executives for National Security, and is a member of its executive committee. Mr. Chambers is a director of the U.S. Chamber of Commerce, and is the former chairman of the Let's Rebuild America Leadership Council of the U.S. Chamber of Commerce. Mr. Chambers has over 35 years of experience in the engineering and construction industry. Mr. Chambers earned a B.A. from Springfield College and an M.B.A. from Boston College.

**Director Qualifications:** Mr. Chambers' extensive financial and executive management experience provides him with the necessary skills to be Chairman of our Board of Directors. As a result of his experience, he has dealt with many of the major issues we deal with today, such as financial, strategic planning, compensation, management development, acquisitions, capital allocation, government and stockholder relations. He has developed in-depth knowledge of the engineering and construction industry generally and, as our Chief Executive Officer for the last nine years, our company in particular.

Kathleen J. Affeldt

Ms. Affeldt, age 67, has served as a director since November 2009. Ms. Affeldt is the Chairperson of the Compensation Committee of our Board of Directors. Ms. Affeldt retired from Lexmark International, a developer, manufacturer and supplier of printing and imaging solutions for offices and homes, in February 2003, where she had been Vice President of Human Resources since July 1996. She joined Lexmark when it became an independent company in 1991 as the Director of Human Resources. Ms. Affeldt began her career at IBM in 1969, specializing in sales of supply chain systems. She later held a number of human resources management positions. Ms. Affeldt has served as a director of SIRVA, Inc. and as chair of that board's compensation committee. She also served as a director of Sally Beauty Holdings, and as the chair of that board's compensation committee. She currently serves as a director and chair of the compensation committee of BTE Technologies, Inc., and as a director and member of the compensation committee of HD Supply Holdings, Inc. Ms. Affeldt attended the State University of New York and Hunter College in New York City, majoring in Business Administration.

**Director Qualifications:** Ms. Affeldt's experience in large, multinational companies in general, as well as in the human resources field in particular, provides our Board of Directors with insight into the attraction, motivation and retention of personnel. Additionally, her service on the boards of other public companies brings to our Board of Directors valuable insight into the strategic, financial and personnel challenges faced by companies similar to NCI.

George L. Ball

Mr. Ball, age 57, has served as a director since February 2014. He serves on the Audit Committee and Compensation Committee of our Board of Directors. Mr. Ball is the Chief Financial Officer of Parsons Corporation, a global engineering and construction services company that was established in 1944. Mr. Ball joined Parsons in 1995 and has held varying positions of increasing responsibility and was promoted to Chief Financial Officer in 2008. Mr. Ball was formerly a senior accountant with Coopers & Lybrand LLP, now known as PricewaterhouseCoopers LLP. Mr. Ball currently serves as a director of Wells Fargo Real Estate Investment Corporation, a publicly traded real estate investment trust, and is a member of its audit committee. Mr. Ball earned his B.S. in Accounting from Drexel University.

**Director Qualifications:** Mr. Ball's background and experience as an executive in a large, multinational engineering and construction services company provides the Board with perspective on strategic, financial, compensation, management development and sales issues. Mr. Ball's extensive experience and financial and accounting background as a chief financial officer provides the Audit Committee with valuable experience. Mr. Ball's extensive financial experience and knowledge of compensation program design provide the Compensation Committee with valuable experience.

Nathan K. Sleeper

Mr. Sleeper, age 42, has served as a director since October 2009. Mr. Sleeper serves on the Compensation Committee, Nominating and Corporate Governance Committee and Executive Committee of our Board of Directors. Mr. Sleeper is a partner of CD&R, LLC, having joined CD&R, Inc. in 2000. Prior to joining CD&R, Inc., he was employed by Goldman, Sachs & Co. in the Investment Banking Division. He has also been employed by Tiger Management. Mr. Sleeper was a director of HD Supply Holdings, Inc., a public company, from April 2010 to October 2014. He currently serves as a director of US Foods, Inc., a director of Atkore International Group, Inc., a director of Hussmann International, Inc., a director of Beacon Roofing Supply, Inc., a public company, a director of Wilsonart International Holdings LLC, a director of Brand Energy & Infrastructure Services, Inc. and a director of CHC Group Ltd., a public company. Mr. Sleeper holds a B.A. from Williams College and an M.B.A. from Harvard Business School.

Director Qualifications: Mr. Sleeper's broad experience in the financial and investment communities brings to our Board of Directors important insights into business strategy and areas to improve our financial performance.

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Class I Directors Who Serve Until the Annual Meeting to Be Held in 2018:

James G. Berges

Mr. Berges, age 68, has served as a director since October 2009. Mr. Berges is the Chairman of the Executive Committee and Nominating and Corporate Governance Committee of our Board of Directors. Mr. Berges is a partner of CD&R, LLC, having become a partner of CD&R, Inc. in 2006. Prior to that, he was President of Emerson Electric Co. from 1999 until his retirement in 2005. Emerson Electric Co. is a global manufacturer of products, systems and services for industrial automation, process control, HVAC, electronics and communications, and appliances and tools. He is also Chairman of the Board of Hussmann International, Inc., a director of PPG Industries, Inc., a public company, and a director of Atkore International Group, Inc. From November 2009 to August 2010, Mr. Berges was a director of Diversey, Inc., from October 2006 to August 2012, he was Chairman of the Board of Sally Beauty Holdings, Inc., a public company, and from August 2007 to November 2015, he was Chairman of the Board and then independent Lead Director of HD Supply Holdings, Inc., a public company. Mr. Berges holds a B.S. in electrical engineering from the University of Notre Dame.

Director Qualifications: Mr. Berges' former leadership role at a global manufacturer provides our Board of Directors with valuable insight into the numerous operational, financial and strategic issues we face. Further, Mr. Berges' service on the boards of other public and private companies provides our Board of Directors with valuable insight into the challenges currently faced by companies in a variety of markets.

Matthew J. Espe

Mr. Espe, age 57, has served as a director since November 2015. Mr. Espe serves on the Compensation Committee and Affiliate Transactions Committee of our Board of Directors. Mr. Espe is the President and Chief Executive Officer of Armstrong World Industries, Inc., a publically traded global producer of flooring products and ceiling systems that was established in 1891. Prior to joining Armstrong in July 2010, Mr. Espe was Chairman and Chief Executive Officer of Ricoh Americas Corporation, a subsidiary of Ricoh Company, Ltd., a provider of document management solutions and services. From 2002 to 2008, Mr. Espe was Chairman of the Board of Directors and Chief Executive Officer of IKON Office Solutions, Inc. ("IKON"), an office equipment distributor and services provider, which was acquired by Ricoh in 2008. Mr. Espe was employed by General Electric for 22 years, serving as President and Chief Executive Officer of GE Lighting prior to joining IKON in 2002. Mr. Espe previously served on the boards of directors of Unisys Corporation, a worldwide information technology company, from 2004 to 2014, Graphic Packaging Holding Company, a provider of packaging solutions for consumer products companies, from 2009 to 2010, and Con-Way Inc., a transportation, logistics and supply-chain management services company, from June 2015 to October 2015. Mr. Espe currently serves on the Advisory Board at the College of Business and Economics at the University of Idaho and on the Advisory Council for Drexel University's Lebow College of Business, Center for Corporate Governance. Additionally, Mr. Espe is a member of the National Association of Corporate Directors (NACD) and the Wall Street Journal CEO Council. Mr. Espe holds a bachelor's degree in marketing from the University of Idaho, and an M.B.A. from Whittier College.

Director Qualifications: Mr. Espe's leadership role at a global manufacturer provides our Board of Directors valuable insight into the numerous operational, financial and strategic issues we face. Mr. Espe's prior service on boards of other public companies provides our Board of Directors with insight into challenges currently faced by companies in a variety of markets.

Lawrence J. Kremer

Mr. Kremer, age 74, has served as a director since October 2009. Mr. Kremer serves on the Nominating and Corporate Governance Committee of our Board of Directors. Mr. Kremer retired in 2007 from Emerson Electric Co., having served as Corporate Vice President of Global Materials. Prior to that, Mr. Kremer was employed by Whirlpool Corporation, a worldwide producer of appliances, as Senior Vice President of International Operations and Global Materials. Mr. Kremer currently serves as a director of Fifth Third Bank Southern Region and St. Mary's Hospital System, a Midwest Regional Hospital. Mr. Kremer serves as Chairman of the Board of Trustees of the University of Evansville. Mr. Kremer holds a B.S. and M.B.A. from the University of Evansville.

Director Qualifications: Mr. Kremer's leadership roles in global manufacturing bring to our Board of Directors an understanding of the global business environment and valuable insight into the operations of large, complex manufacturing operations.

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John J. Holland

Mr. Holland, age 65, has served as a director since November 2009. Mr. Holland serves on the Affiliate Transactions Committee, Audit Committee and Compensation Committee of our Board of Directors. Mr. Holland retired as the President of the International Copper Association in November 2015. The International Copper Association is a marketing association for the copper industry. Mr. Holland has been the President of Greentree Advisors, LLC since October 2004. Mr. Holland was the President, Chief Operating Officer and Chief Financial Officer of MMFX Technologies Corporation, a privately held steel manufacturing firm, from 2008 until 2009. Prior to that, Mr. Holland was the Executive Vice President and Chief Financial Officer of Alternative Energy Sources, Inc., an ethanol producer, from August 2006 until June 2008. Mr. Holland previously was employed by Butler Manufacturing Company, a producer of pre-engineered building systems, supplier of architectural aluminum systems and components and provider of construction and real estate services for the nonresidential construction market, from 1980 until his retirement in 2004. Prior to his retirement from Butler, Mr. Holland served as Chairman of the Board from 2001 to 2004, as Chief Executive Officer from 1999 to 2004 and as President from 1999 to 2001. Mr. Holland currently serves as a director and on the audit committee of Cooper Tire & Rubber Co., and as a director and on the audit committee of Saia, Inc. (formerly SCS Transportation, Inc.). Mr. Holland holds B.S. and M.B.A. degrees from the University of Kansas and is a certified public accountant.

Director Qualifications: Mr. Holland's extensive career in the metal building industry, including his role as a chief executive officer of a public company, provides the Board with perspective on the particular strategic, manufacturing, sales and marketing, compensation and personnel issues faced by companies in our industry. Further, Mr. Holland's extensive financial and accounting background as a former chief financial officer and a certified public accountant provides the Audit Committee with valuable expertise.



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PROPOSAL 2: RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

The Audit Committee has appointed the firm of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 30, 2016, subject to ratification by our stockholders. Ernst & Young LLP has served as our independent registered public accounting firm since our initial public offering in April 1992. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from those attending the meeting.

Vote Required

If a majority of the votes cast in person or by proxy at the 2016 Annual Meeting are voted in favor of this proposal, the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 30, 2016 will be ratified. Even if the selection is not ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it believes that such a change would be in the best interests of our stockholders and NCI. If the appointment of Ernst & Young LLP is not ratified, the Audit Committee will reconsider the appointment.

Recommendation of Our Board of Directors

OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” RATIFICATION OF ERNST & YOUNG LLP’S APPOINTMENT AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING OCTOBER 30, 2016.

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## MANAGEMENT

Our current executive officers are as follows:

| Name                | Position  |
|---------------------|---|
| Norman C. Chambers  | Chairman of the Board and Chief Executive Officer                 |
| Mark E. Johnson     | Executive Vice President, Chief Financial Officer and Treasurer   |
| Donald R. Riley     | President   |
| John L. Kuzdal      | President of Group Manufacturing Segment                          |
| Katy K. Theroux     | Vice President, Chief Human Resources Officer                     |
| Todd R. Moore       | Executive Vice President, General Counsel and Corporate Secretary |
| Eric J. Brown       | Executive Vice President and Chief Information Officer            |
| Bradley S. Little   | Vice President, Finance and Chief Accounting Officer              |
| Robert D. Ronchetto | Vice President, Chief Procurement Officer                         |

Information concerning the business experience of Mr. Norman C. Chambers is provided under the section titled “Election of Directors.”

Mark E. Johnson, age 49, has served as our Executive Vice President, Chief Financial Officer and Treasurer since March 2008. He had served as our Chief Accounting Officer from August 2006 to November 2010, as our Executive Vice President and Controller since December 2007 until March 2008, and as our Vice President and Controller from February 2006 until December 2007. Before joining NCI in February 2006, Mr. Johnson was employed by Vector ESP, Inc., a company providing information technology services, where he served as a Corporate Controller from 2000 to 2002 and Chief Financial Officer and Senior Vice President from 2002 to August 2005, when the company was acquired. From 1989 to 2000, Mr. Johnson was employed by Ernst & Young LLP. Mr. Johnson has been a CPA since 1991 and earned his B.B.A. in Accounting from the University of Texas at Austin.

Donald R. Riley, age 53, has served as our President since January 2016. Mr. Riley served as our President of Group Business Segment from December 2014 to January 2016. Before joining NCI, Mr. Riley was employed by Probuild Holdings, LLC, a supplier of building materials to production builders, custom builders, local contractors and project-oriented consumers, where he served as Executive Vice President from November 2011 to November 2014. As Executive Vice President, Mr. Riley managed the supply chain, manufacturing, construction services, marketing, pricing, information technology, strategy and business project management office functions. Prior to joining Probuild Holdings, Mr. Riley was employed by Mohawk Industries, Inc., a floor covering company, from September 2004 to November 2011, serving in various capacities such as Chief Information Officer, Senior Vice President Logistics, and Interim Flooring Executive Vice President Customer Experience. At Mohawk Industries, Mr. Riley was responsible for its global information systems, North America logistic functions, and the flooring segment’s customer service function. Mr. Riley has a B.S. in Engineering from the University of Tennessee at Knoxville.

John L. Kuzdal, age 50, has served as President of Group Manufacturing Segment since November 2013. Previously, Mr. Kuzdal served as President of the Metal Coil Coating Division from March 2008 to November 2013. Mr. Kuzdal served as Vice President of Operations for NCI’s Metal Coil Coating Division from December 2006 until March 2008. From June 2002 to December 2006, he served as Vice President and General Manager of Metal Coaters of California Division. Mr. Kuzdal has been with NCI since 1998 and has worked in the coil coating and steel industries since 1986. Mr. Kuzdal earned his B.S. in Metallurgical Engineering from the University of Michigan.

Katy K. Theroux, age 47, has served as our Vice President, Chief Human Resources Officer since September 2014. Before joining NCI, Ms. Theroux was employed by 1WORLDSYNC, where she served as Chief Marketing and Administrative Officer from 2012 to 2013, and was responsible for the integration of two multinational technology

services companies. Prior to joining 1WORLDSYNC, Ms. Theroux served as Senior Vice President, Customer Engagement & Solutions for its parent, GS1 US and 1SYNC from 2007 to 2012, and was responsible for customer support, marketing, human resources and facilities shared services for all operating units. Ms. Theroux also served as its Chief Human Resources Officer from 2006 to 2012. Ms. Theroux served as Chairman of the Board of Peirce College until June 2015. Ms. Theroux has a B.S. from Syracuse University and an M.B.A. from Saint Peter's University.

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Todd R. Moore, age 56, has served as our Executive Vice President and General Counsel since December 2007 and as our Vice President and General Counsel since March 2003. Mr. Moore has served as a Vice President and General Counsel of all NCI divisions since January 1999 and as our Corporate Secretary since March 2005. Before joining NCI in January 1999, Mr. Moore was a partner in the Trial Section of Gardere Wynne Sewell LLP, a law firm based in Texas. Mr. Moore has a B.A. in Political Science from Southern Methodist University and a J.D. from the University of Tulsa College of Law. He is licensed to practice law in the State of Texas.

Eric J. Brown, age 58, has served as our Executive Vice President and Chief Information Officer since December 2007 and Vice President and Chief Information Officer since June 2004. Before joining NCI, Mr. Brown was Chief Information Officer of the Punahou School in Honolulu, Hawaii from 2002 until he joined NCI. From 2000 to 2002, Mr. Brown was Chief Information Officer of Petrocosm Corporation. From 1992 to 2000, Mr. Brown was a Director at KPMG Consulting LLC. Mr. Brown has a B.B.A. from the University of Hawaii.

Bradley S. Little, age 38, has served as our Vice President, Finance and Chief Accounting Officer since November 2013. Before joining NCI, Mr. Little was employed by Technip USA, Inc., where he served as Vice President of Finance from September 2012 to June 2013. Prior to joining Technip USA, Mr. Little held various positions with Willbros Group, Inc., from August 2009 until September 2012, most recently as Controller, Oil & Gas Segment. Prior to joining Willbros Group, Mr. Little held various positions with PricewaterhouseCoopers, LLP, from September 2001 until August 2009. Mr. Little is a certified public accountant and has a B.B.A. in Accounting from Texas State University.

Robert D. Ronchetto, age 49, has served as our Vice President and Chief Procurement Officer since November 2015. Mr. Ronchetto served as our Vice President of Supply Chain Management from December 2011 to November 2015. Before joining NCI, Mr. Ronchetto was employed by Greif Inc., a world leader in industrial packaging and service where he served as Vice President of Global Sourcing from November 2004 to July 2011. Prior to Greif, Mr. Ronchetto was employed by Emerson Electric from 1990 to 2004. Mr. Ronchetto has a B.S. in Industrial Management from Southwest Missouri State University and an M.B.A. from St. Louis University.

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### COMPENSATION DISCUSSION & ANALYSIS

#### Introduction

This Compensation Discussion & Analysis (“CD&A”) provides information regarding NCI’s compensation programs for our Chief Executive Officer (“CEO”), our Chief Financial Officer and our three other most highly compensated executive officers for the fiscal year ended November 1, 2015 (“Fiscal 2015”) and certain compensation actions taken in Fiscal 2015. (Throughout the CD&A we occasionally refer to other fiscal years of NCI in the same manner.) The CD&A also provides information regarding two former executive officers, Bradley D. Robeson and Mark W. Dobbins, who would have been among our most highly compensated executive officers had their respective positions not been eliminated as part of our commercial sales reorganization in Fiscal 2015. The CD&A is also intended to place in perspective the information contained in the executive compensation tables that follow this discussion.

Throughout this discussion, the following individuals are referred to collectively as the “Named Executive Officers” or “NEOs” and are included in the Summary Compensation Table that follows this discussion:

- Norman C. Chambers, Chairman of the Board and Chief Executive Officer;
- Donald R. Riley, President;
- Mark E. Johnson, Executive Vice President, Chief Financial Officer and Treasurer;
- Katy K. Theroux, Vice President, Chief Human Resources Officer;
- Todd R. Moore, Executive Vice President, General Counsel and Corporate Secretary;
- Bradley D. Robeson, Former President of Engineered Buildings Division; and
- Mark W. Dobbins, Former President of Metal Components Division.

As a result of our commercial sales reorganization in Fiscal 2015, effective March 9, 2015 both Mark W. Dobbins and Bradley D. Robeson no longer served as President of Metal Components Division and President of Engineered Buildings Division, respectively, due to the elimination of their respective positions.

#### Summary of Compensation Matters for Fiscal 2015

Our financial performance during Fiscal 2015 was the best full year performance since Fiscal 2008. The improved performance across all three operating segments is a direct result of the reorganization of our business and strategic initiatives implemented over the past few years. Specifically, our Fiscal 2015 performance delivered a 59% increase in net income and a 72% increase in Adjusted EBITDA.

#### During Fiscal 2015:

- Revenues increased by 14.1% to \$1.56 billion, up from \$1.37 billion in the prior year;
- Gross profit increased by 27.6% to \$372.3 million, up from \$291.8 million in Fiscal 2014;
- Adjusted EBITDA increased to \$130.1 million, up 72.2% from Fiscal 2014’s \$75.5 million;
- Cash provided by operations increased 212.5% from \$33.6 million in Fiscal 2014 to \$105.0 million in Fiscal 2015;
- and
- Net income per diluted share of Common Stock increased to \$0.24, up from \$0.15 per diluted share of Common Stock in Fiscal 2014. Adjusted net income per diluted Common Stock was \$0.42 in Fiscal 2015, up from \$0.16 in Fiscal 2014.

For an understanding of how these measures relate to generally accepted accounting principles, please refer to the section entitled “Non-GAAP Measures” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended November 1, 2015.

During Fiscal 2015, we operated our compensation programs, including for our NEOs, in a manner consistent with our pay-for-performance philosophy. As discussed in greater detail below, in Fiscal 2015 we undertook a review of the compensation provided to our Named Executive Officers and took a number of actions related to NEO compensation, the most significant of which were:

We adopted a new long-term equity incentive program for our NEOs, consisting of 40% restricted stock awards, which vest based on continued service, and 60% performance share units, which vest upon the achievement of certain performance goals over a three-year period. See “Compensation Discussion & Analysis — Long-Term Incentive Compensation — Long-Term Incentive Awards Granted in Fiscal 2015 to NEOs” below.

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We made a one-time grant of restricted stock units to Norman C. Chambers, our Chief Executive Officer, as an additional incentive for Mr. Chambers to continue his exceptional performance on NCI's behalf. See "Compensation Discussion & Analysis — Long-Term Incentive Compensation — Long-Term Incentive Awards Granted in Fiscal 2015 to NEOs" below.

We entered into a new employment agreement with Mr. Chambers, whose prior employment agreement expired in Fiscal 2014. See "Executive Compensation — Narrative to the Summary Compensation Table and Grants of Plan-Based Awards Table — Employment Agreements" below.

For Fiscal 2015, we implemented a new annual incentive program for our NEOs. This bonus program was based on a new performance metric, Adjusted EBITDA, and return on operating assets ("ROA"), equally weighted. For Fiscal 2016, we have further changed our bonus program to remove the ROA criteria, with the result that annual bonuses for Fiscal 2016 will be based entirely on Adjusted EBITDA. See "Compensation Discussion & Analysis — Annual Bonus" below.

As we have in prior fiscal years, during Fiscal 2016, we intend to continuously monitor and evaluate our compensation practices to ensure that they remain aligned with our compensation objectives.

### Compensation Philosophy and Objectives of NCI's Compensation Program

Our executive compensation philosophy remains that executive pay should be linked to the performance of NCI and the individual executives. Our Compensation Committee has established the following objectives for our executive compensation programs:

- attract, retain and motivate exceptional executives;
- reward performance measured against established goals;
- provide incentives for future performance; and
- align executives' long-term interests with the interests of our stockholders.

In order to reach these goals, we have designed our compensation programs to reward excellent short-term performance and to encourage executives' commitment to NCI's long-term, strategic business goals. NCI operates in an intensely competitive industry and has experienced challenges in recent years caused by adverse weather conditions, volatility in the price of steel, industry cyclicalities and seasonality, fluctuations in demand and poor economic conditions affecting the construction industry. The Compensation Committee believes NCI's depressed stock price continues to be a challenge to retention that both long- and short-term incentives can address. Long-term incentives balance the emphasis on long-term versus short-term business objectives and reinforce that one should not be achieved at the expense of the other. We believe that long-term incentive compensation helps to further NCI's compensation objectives, including the retention of high-performing, experienced executives whose interests are strongly aligned with the interests of stockholders. Further, a multi-year vesting period for grants of restricted stock or restricted stock units, stock options and performance share units helps to ensure that the value received by executives depends on the strong performance of NCI over time. We balance short- and long-term compensation through salary and performance bonuses, and the grant of restricted stock or restricted stock units, stock options, and performance share units, respectively. Our goal is to increase the proportion of long-term compensation as an executive's responsibility within our company increases.

### Determination and Administration of Compensation Programs and Amounts

Decisions regarding executive compensation are based primarily on the assessment by the Compensation Committee of each Named Executive Officer's leadership and operational performance and potential to enhance long-term value to NCI's stockholders. In Fiscal 2014 and Fiscal 2015, a compensation consultant was retained to assist the Compensation Committee in its review of NCI's executive compensation program. The Compensation Committee also relies on its judgment, prior experience, and the judgment of our CEO, Mr. Chambers, about each individual Named

Executive Officer in determining the amount and combination of compensation elements and whether each payment or award appropriately encourages and rewards performance. Key factors considered by the Compensation Committee in this regard include:

- actual performance compared to the financial, operational and strategic goals established for NCI and the Named Executive Officer's reporting unit at the beginning of the year;
- the nature, scope and level of the Named Executive Officer's responsibilities;
- individual contribution to NCI's financial results, particularly with respect to key measures such as cash flow, revenue, earnings and ROA;
- effectiveness in leading our initiatives to enhance quality and value provided to customers; and



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individual contribution to a culture of honesty, integrity and compliance with our Code of Business Conduct and Ethics and applicable laws.

The Compensation Committee also considered each Named Executive Officer’s current salary and prior-year bonus, if any, the appropriate balance between incentives for long-term and short-term performance, and internal “pay equity” — in other words, the relative differences among the compensation of the executive officers.

Role of Management and Independent Advisors

The Compensation Committee meets regularly in separate executive sessions without management personnel present and also requests periodically that our officers or employees attend meetings. During Fiscal 2015, Mr. Chambers and other senior executives attended certain Compensation Committee meetings at the committee’s request to advise the committee regarding our performance and to recommend proposed modifications to our compensation and benefits. Our management, under the leadership of our CEO, plays an important role in establishing and maintaining our Named Executive Officer compensation programs. Management’s role includes recommending plans and programs to the Compensation Committee, implementing the Compensation Committee’s decisions regarding the plans and programs and assisting and administering plans in support of the Compensation Committee. The Compensation Committee also relied to a certain extent on Mr. Chambers’ evaluations of other Named Executive Officers whose day-to-day performance is not as visible to the committee as it is to Mr. Chambers.

The Compensation Committee’s charter provides that it may retain advisors, including compensation consultants, in its sole discretion. During Fiscal 2015, the Compensation Committee exercised this authority and directed the Company to retain the services of Frederic W. Cook & Co. (“FW Cook” or the “consultant”) on its behalf to conduct a review of executive officer compensation. The Compensation Committee believed it was prudent to retain a compensation consultant to review our executive compensation program and develop a clearly defined peer group. In hiring the consultant, the Compensation Committee intended to (i) compare our compensation practices to our peer group and (ii) ascertain whether senior management’s compensation was sufficient to accomplish our compensation program’s objectives or whether changes would be necessary or appropriate. In engaging FW Cook, the Compensation Committee determined that FW Cook did not have any economic interest or other relationship that would create a conflict with its services to the Compensation Committee.

The consultant (i) compared all forms of direct compensation (including base salary, annual incentives, long-term incentives, and total direct compensation) of our senior management, including our NEOs, against a peer group of 18 companies selected by the consultant (with input from management and approval of the Compensation Committee) and two industry databases; (ii) worked with human resources to gain a solid understanding of the role of each senior management position in the consultant’s analysis to ensure proper benchmarking to the survey; and (iii) prepared a report that provided the consultant’s methodologies, findings, and conclusions. The consultant’s report included formal benchmarking of our senior management’s compensation for the relevant periods against the peer group. The peer group consisted of the following companies:

- Advanced Drainage Systems, Inc.
- Apogee Enterprises, Inc.
- Armstrong World Industries, Inc.
- Beacon Roofing Supply, Inc.
- Eagle Materials Inc.
- Gibraltar Industries, Inc.
- Headwaters Incorporated
- Insteel Industries, Inc.
- Interface, Inc.
- Masonite International Corporation
- Nortek, Inc.
- Ply Gem Holdings, Inc.
- Quanex Building Products Corporation
- Schnitzer Steel Industries, Inc.
- Simpson Manufacturing Co., Inc.
- U.S. Concrete, Inc.
- USG Corporation
- Worthington Industries, Inc.

In terms of size, the consultant's report indicated that NCI's revenues were between the median and 75<sup>th</sup> percentile of its peer group, and market capitalization was between the 25<sup>th</sup> percentile and median of its peer group.

Following its review of our compensation program, the consultant reached the following conclusions:

• that salary and target bonus of the NEOs were generally at the median of the peer group data;

• that salary, target bonus and grant date value of long-term incentives of the NEOs for Fiscal 2015 generally ranged between the median of the peer group data and the 75<sup>th</sup> percentile of the peer group;

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that changes to compensation levels were generally not indicated at that time based on the data reviewed by the consultant and should be considered on an individual-by-individual basis and subject to ongoing monitoring of peer data;

that the structure of the annual bonus plan for Fiscal 2015 was within the range of peer companies (however, the consultant did note that use of ROA as a performance criterion was a minority practice among peers); and that the structure of the long-term incentives was aligned with peer group majority practice (including as to types of awards, performance criteria, share usage, fair value transfer and potential dilution) and has a strong performance orientation.

The consultant's report also included information regarding Fiscal 2014 total direct compensation for certain of our NEOs. The following table reflects, with respect to those NEOs for which full Fiscal 2014 data is available, actual salary, bonus and value of long-term incentives received for Fiscal 2014 as a percentage of target levels for that year:

| Named Executive Officer | Fiscal 2014<br>Compensation at<br>Target Levels | Fiscal 2014<br>Actual<br>Compensation | Actual<br>Compensation as<br>a Percentage of<br>Target<br>Compensation |   |
|-------------------------|---|---------------------------------------|--|---|
| Norman C. Chambers      | \$ 3,845,351                                    | \$ 3,245,351                          | 84.4   | % |
| Mark E. Johnson         | \$ 1,490,170                                    | \$ 1,275,170                          | 85.6   | % |
| Todd R. Moore           | \$ 941,809                                      | \$ 761,809                            | 80.9   | % |

Based on (1) its review of the consultant's report, (2) discussions with and recommendations by Mr. Chambers and (3) our pay-for-performance policies, the Compensation Committee determined to continue the current long-term incentive program for Fiscal 2016 in substantially the same form as Fiscal 2015 and to remove ROA as a performance criterion under the annual bonus program because, among other reasons, it is used only in a minority of annual bonus plans maintained by peer group companies. See "Compensation Discussion & Analysis — Long-Term Incentive Compensation — Long-Term Incentive Awards Granted in Fiscal 2016 to NEOs" and "Compensation Discussion & Analysis — Annual Bonus — Fiscal 2016."

#### Elements of Executive Compensation

The principal elements of compensation provided to our Named Executive Officers historically have consisted of a base salary supplemented with the opportunity to earn a bonus under NCI's annual cash bonus program (the "Bonus Program") and long-term incentive compensation in the form of restricted stock units, restricted stock and, more recently, performance share units under NCI's 2003 Long-Term Stock Incentive Plan (the "Incentive Plan"). In the past, NCI has granted certain NEOs stock options, but has ceased the practice since the last grant of stock options in Fiscal 2012.

We have also adopted retirement plans for certain of our employees, including a deferred compensation plan (a "Deferred Compensation Plan" or "DCP") under which our Named Executive Officers can elect to defer a portion of their base salary and bonus. In addition, we provide limited perquisites that enhance our ability to be competitive in attracting and retaining talented executive officers and allow executive officers more time to focus on business objectives.

#### Base Salary

The Compensation Committee annually reviews base salaries and makes adjustments in light of competitive data regarding compensation from other companies as well as a Named Executive Officer's responsibilities, experience and

performance levels relative to other executives and the potential for making significant contributions in the future, to ensure that salary levels remain appropriate and competitive. Because the rate of any increase in base salary levels helps to provide incentives for continuous improvement in individual performance, we view individual factors as more significant than overall company performance in a particular year when determining base salary levels. Base salary also provides the foundation for calculating other benefits such as annual cash bonus and discretionary and restoration matching under the Deferred Compensation Plan and 401(k) plan so the executive's individual performance has a significant impact on both salary and the benefits derived from salary. No changes were made to the NEOs' base salaries in Fiscal 2015.

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## Annual Bonus

## Generally

Short-term annual cash incentive compensation is provided through our Bonus Program, under which annual cash bonuses may be paid to executives to reward their contributions to our business during the year. In Fiscal 2014, our stockholders approved our Senior Executive Bonus Plan, which continues to remain in effect. The Senior Executive Bonus Plan provides that the maximum aggregate bonus payable to any NEO cannot exceed 3% of the Company's Adjusted EBITDA for the applicable performance period. Shareholder approval of the plan maximum is intended to cause the Senior Executive Bonus Plan to meet requirements of Section 162(m) of the Internal Revenue Code which, if not met, might result in a loss of tax deductibility of annual bonus amounts. Structuring the plan maximum in this way also permits us to establish performance goals that might not otherwise comply with Section 162(m), and, accordingly, this plan maximum can be, and is routinely expected to be, reduced by our Compensation Committee so that the amount of the annual bonus paid to each NEO under the Senior Executive Bonus Plan is consistent with the performance objectives that we establish for any particular fiscal year under our Bonus Program. Thus, our Bonus Program for our Named Executive Officers, as it is currently in effect and as it may be modified by the Compensation Committee from time to time, is intended to fit within the framework of negative discretion under the Senior Executive Bonus Plan and thereby to provide our Compensation Committee with the maximum flexibility in designing our Bonus Program while at the same time preserving the full deductibility of bonuses paid under the Bonus Program.

## Fiscal 2015

For Fiscal 2015, annual bonuses were determined based on ROA and a new performance metric, Adjusted EBITDA. These performance metrics were equally weighted, and, unlike the Bonus Program in prior fiscal years, the satisfaction of one of the performance metrics resulted in a bonus payment even if the other was not satisfied. Under the Fiscal 2015 Bonus Program, the ROA and Adjusted EBITDA performance goals were to be set annually. For Fiscal 2015, each of the performance metrics had a threshold below which no payout on that metric would occur. Annual bonuses for Fiscal 2015 were capped at 200% of target for performance above target levels. As under the prior Bonus Program and as reflected in the following table, Mr. Chambers' target annual bonus was equal to 100% of his base salary, and, for the other Named Executive Officers, the target annual bonus was equal to 75% of base salary. Total annual bonuses for all employees, including non-management employees, could not exceed 15% of NCI's adjusted pre-tax profit for Fiscal 2015, calculated in accordance with the Bonus Program, before accrual for bonuses and before share-based compensation expense under the Incentive Plan, and could also not exceed the maximum amounts payable under the Senior Executive Bonus Plan.

| Named Executive Officer | Fiscal 2015<br>Base Salary | Target               |
|-------------------------|----------------------------|----------------------|
|                         |                            | Fiscal 2015<br>Bonus |
| Norman C. Chambers      | \$ 825,000                 | \$ 825,000           |
| Donald R. Riley         | \$ 480,000                 | \$ 360,000           |
| Mark E. Johnson         | \$ 425,000                 | \$ 318,750           |
| Katy K. Theroux         | \$ 350,000                 | \$ 262,500           |
| Todd R. Moore           | \$ 350,000                 | \$ 262,500           |

For Fiscal 2015, NCI achieved ROA of 10.8% against target ROA of 16.5% and Adjusted EBITDA of \$130 million against target Adjusted EBITDA of \$140 million. These achievement levels corresponded to a bonus payout at 60.7% of target bonus levels, which, for those Named Executive Officers whose target bonus was equal to 75% of base salary, amounts to 45.5% of base salary. The Compensation Committee did not exercise any discretion to increase or

decrease these payout levels, resulting in the bonuses shown in the following table:

| Named Executive Officer | Fiscal 2015<br>Bonus Earned | Total Bonus as a<br>Percentage of<br>Salary |   |
|-------------------------|-----------------------------|---|---|
| Norman C. Chambers      | \$ 500,775                  | 60.7  | % |
| Donald R. Riley         | \$ 218,520                  | 45.5  | % |
| Mark E. Johnson         | \$ 193,481                  | 45.5  | % |
| Katy K. Theroux         | \$ 159,338                  | 45.5  | % |
| Todd R. Moore           | \$ 159,338                  | 45.5  | % |

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### Fiscal 2016

For Fiscal 2016, the Compensation Committee has modified the Company's Bonus Program to remove the ROA performance criterion. Thus, for Fiscal 2016, Adjusted EBITDA will be the sole performance criteria on which annual bonuses are based. Our Compensation Committee made this change because it believes that, for Fiscal 2016, Adjusted EBITDA is the most important driver of value and that having solely an Adjusted EBITDA performance criterion creates a stronger link between individual contribution and Company performance. In addition, the Compensation Committee noted that use of ROA is a minority practice among the Company's peer group for use in annual bonus plans. Thus, removal of the ROA performance criterion is more likely to result in annual bonuses (as well as total compensation levels) being at median levels compared against the peer group.

For Fiscal 2016, each NEO has been assigned a target annual bonus equal to a percentage of his or her base salary. As under the prior Bonus Program, Mr. Chambers' target annual bonus is equal to 100% of his base salary, and, for the other Named Executive Officers, the target annual bonus is equal to 75% of base salary with the exception of Mr. Riley, whose target bonus is equal to 80% of his base salary. In order for any bonuses to be paid, Adjusted EBITDA must equal 75% of the performance goal set by our Compensation Committee, and above this threshold, payments under the Bonus Program will be made as follows:

If Adjusted EBITDA equals 75% of the performance goal, 35% of the target annual bonus will be paid to each NEO.

If Adjusted EBITDA equals 100% of the performance goal, 100% of the target annual bonus will be paid to each NEO.

If Adjusted EBITDA equals 125% of the performance goal, 200% of the target annual bonus will be paid to each NEO (which 200% amount is also the maximum bonus level that may be paid under the Bonus Program).

Adjusted EBITDA performance between these three levels will be determined by linear interpolation. Total annual bonuses for all employees, including non-management employees, may not exceed 15% of NCI's adjusted pre-tax profit for Fiscal 2016, calculated in accordance with the Bonus Program, before accrual for bonuses and before share-based compensation expense under the Incentive Plan, and may also not exceed the maximum amounts payable under the Senior Executive Bonus Plan.

### Long-Term Incentive Compensation

#### Generally

Our long-term incentive compensation is provided under the Incentive Plan, a stockholder-approved equity-based compensation plan that allows NCI to grant a variety of awards, including stock options, restricted stock, restricted stock units, stock appreciation rights, performance share awards, phantom stock awards and performance-based and other cash awards. Long-term incentive grants have typically been made in December of each year.

We believe that equity awards to our Named Executive Officers must be sufficient in size to provide a strong, long-term performance and retention incentive for executives and to increase their vested interest in NCI. The value of the equity awards granted to Named Executive Officers is based on individual performance assessments of each of the Named Executive Officers as well as other members of executive management.

#### Settlement of FY 2012 Long-Term Incentive Awards

In June 2015, the three-year performance period applicable to the FY 2012 PSUs (described at length in our definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission (the "SEC") on January 23, 2015) ended. The FY 2012 PSUs were subject to a performance goal of total shareholder return ("TSR") during the performance period, and between 0% and 300% of the target number of FY 2012 PSUs could vest based on TSR

achievement. The Compensation Committee met in July 2015 to evaluate the Company's TSR achievement during the performance period and determined that the Company had achieved a TSR of 52.675% (based on an initial stock price of \$10.00 per share and an ending stock price of \$15.2675 per share), and, accordingly, approved the settlement of the FY 2012 PSUs at the 52.675% level as provided in the program documentation, and as set forth in the following table:

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| Named Executive Officer* | Target No. of FY<br>2012 PSUs<br>Granted | TSR<br>Achievement<br>Percentage | Number of<br>Shares Earned |
|--------------------------|--|----------------------------------|----------------------------|
| Norman C. Chambers       | 275,000                                  | 52.675                           | % 144,857                  |
| Mark E. Johnson          | 145,000                                  | 52.675                           | % 76,379                   |
| Todd R. Moore            | 85,000                                   | 52.675                           | % 44,774                   |
| Mark W. Dobbins          | 85,000                                   | 52.675                           | % 44,774                   |
| Bradley D. Robeson       | 85,000                                   | 52.675                           | % 44,774                   |

\* Mr. Riley and Ms. Theroux did not hold FY 2012 PSUs because they were not employed by the Company at the time of grant.

## Long-Term Incentive Awards Granted in Fiscal 2015 to NEOs

Because the FY 2012 PSUs, which had a three-year performance period, vested and were settled in July 2015 (and were granted in lieu of any equity compensation that would otherwise have been granted between July 2012 and January 2015), in Fiscal 2014 our Compensation Committee began the process of determining the long-term incentive program that would follow the FY 2012 PSUs. After considering a number of alternatives, including the form of long-term incentive awards granted in December 2013 to senior management and key employees other than NEOs, the Compensation Committee ultimately determined to grant the NEOs long-term awards in December 2014 consisting of restricted shares and performance share units as described below (the “FY 2015 Awards”). In addition, although the three-year performance period of those new awards overlapped to a limited extent with the FY 2012 PSUs, the Compensation Committee determined the overlap was preferable both to mid-year grants made in July 2015 (which would have been administratively complex because of the fiscal year performance goals described below) and to grants made in December 2015 (which would have resulted in a six-month gap as to both performance and retention).

The FY 2015 Awards consisted of restricted stock and performance share units. Of the total value granted to an NEO, 40% of the value of the award consisted of restricted stock and 60% of the value of the award consisted of performance share units. The restricted stock is time-vesting based on continued employment, with two-thirds of the award vesting on the first December 15<sup>th</sup> (or the first business day thereafter) following the end of the Company’s 2016 fiscal year and the remaining one-third vesting on the first December 15<sup>th</sup> (or the first business day thereafter) following the end of the Company’s 2017 fiscal year. The performance share units will vest based on the achievement of performance goals, with one-half of the award vesting on the first December 15<sup>th</sup> (or the first business day thereafter) following the end of the Company’s 2016 fiscal year based on satisfaction of performance goals through the end of the Company’s 2016 fiscal year and subject to continued employment. The remaining one-half will vest on the first December 15<sup>th</sup> (or the first business day thereafter) following the end of the Company’s 2017 fiscal year based on satisfaction of performance goals through the end of the Company’s 2017 fiscal year and subject to continued employment. The performance periods for the FY 2015 Awards were selected in order to provide for more evenly distributed award opportunity in light of the mid-year payout of the FY 2012 PSUs.

The number of shares that may be received on vesting of the performance share units will depend upon the satisfaction of the performance goals, up to a maximum number of shares equal to 200% of the target number of performance share units.

The performance goals for the performance share units consist of cumulative free cash flow (which is calculated as Adjusted EBITDA minus capital expenditures plus the proceeds from the sale of PP&E plus changes in net working capital for the applicable performance period) (weighted 40%), cumulative earnings per share (which is calculated as adjusted diluted earnings per share for the performance period) (weighted 40%) and total shareholder return (which is calculated as the change in the value of a share of Common Stock at the beginning of the performance period as compared to the value of a share of Common Stock at the end of the performance period, plus the value of dividends

and distributions made or declared during the performance period (assuming such dividends or distributions were reinvested in Common Stock), expressed as a percentage return) (weighted 20%), in each case during the performance period. Pro rata vesting of the FY 2015 Awards based on actual performance would occur if the NEO's employment terminates during the performance period without cause or with good reason, or by reason of the NEO's death or permanent disability, and vesting at maximum levels would occur upon a change in control of the Company. Grants are expected to be made annually under this program with substantially the same terms (including as to the 40%-60% ratio), although future awards of restricted stock are expected to vest in equal annual installments over a three-year period based on continued employment, and performance share units are expected to cliff-vest depending on satisfaction of performance goals in respect of the same three-year period.

On December 8, 2014, the Company granted Mr. Riley 22,051 shares of restricted stock in connection with his commencement of employment. The shares vest ratably at 25% per year over four years, subject to Mr. Riley's continued employment through such vesting dates. The award will also vest in full upon a change in control of the Company prior to the final of these vesting dates.

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In addition, on February 24, 2015, the Compensation Committee authorized an award of 59,312 shares of restricted stock units to Mr. Chambers. The compensation committee granted this award to Mr. Chambers as additional incentive for Mr. Chambers to continue his exceptional performance on the Company's behalf. The award vests on a daily basis through February 23, 2018, subject to Mr. Chambers' continued services through that date. The award may also vest in whole or in part upon the occurrence of certain terminations of employment prior to February 23, 2018 and will vest in full upon a change in control of the Company prior to that date.

## Long-Term Incentive Awards Granted in Fiscal 2016 to NEOs

In December 2015, our Compensation Committee made its annual grant of long-term incentives to our NEOs, referred to below as the "FY 2016 Awards." The FY 2016 Awards are substantially consistent with the FY 2015 Awards and consist of restricted stock units and performance share units. Of the total value granted to an NEO, 40% of the value of the award consisted of restricted stock units and 60% of the value of the award consisted of performance share units. The restricted stock units are time-vesting based on continued employment, with one-third of the award vesting on the first December 15<sup>th</sup> (or the first business day thereafter) following the end of the Company's 2017, 2018 and 2019 fiscal years. The performance share units will vest based on the achievement of performance goals on December 15, 2018 (or the first business day thereafter) based on satisfaction of performance goals through the end of the Company's 2018 fiscal year and subject to continued employment.

The number of shares that may be received on vesting of the performance share units will depend upon the satisfaction of the performance goals, up to a maximum number of shares equal to 200% of the target number of performance share units.

The performance goals for FY 2016 Awards consist of cumulative free cash flow (weighted 40%), cumulative earnings per share (weighted 40%) and total shareholder return (weighted 20%), in each case during the performance period. As with the FY 2015 Awards, pro rata vesting of the FY 2016 Awards based on actual performance would occur if the NEO's employment terminates during the performance period without cause or with good reason, or by reason of the NEO's death or permanent disability, and vesting at maximum levels would occur upon a change in control of the Company.

The number of FY 2016 Awards granted to each NEO is set forth in the following table:

| Named Executive Officer | Number of Restricted Stock Units Granted | Number of Performance Share Units Granted |
|-------------------------|--|---|
| Norman C. Chambers      | 89,166                                   | 133,748                                   |
| Donald R. Riley         | 24,967                                   | 64,200                                    |
| Mark E. Johnson         | 33,883                                   | 50,825                                    |
| Katy K. Theroux         | 14,267                                   | 21,400                                    |
| Todd R. Moore           | 16,942                                   | 25,413                                    |

For Messrs. Johnson and Moore and Ms. Theroux, the number of FY 2016 Awards in the table reflects, in addition to intended customary grant levels, a one-time grant of additional FY 2016 Awards. This one-time grant consisted of 3,567 restricted stock units and 5,350 performance share units for each of the individuals. These additional awards were granted to these individuals in order to recognize their outstanding service to NCI in Fiscal 2015 and to provide additional incentives for superior performance in future fiscal years but were not intended to result in a permanent increase in the long-term incentive compensation of these individuals. Although Mr. Riley did not receive an additional grant of FY 2016 Awards, Mr. Riley was granted an additional 26,750 performance share units with

different terms than the FY 2016 Awards. These performance share units will vest on December 15, 2016 subject to Mr. Riley's continued employment through that date and achievement of operational goals and milestone goals established by the Compensation Committee applicable to Fiscal 2016, and, depending on achievement of these goals, 0% to 150% of the number of performance share units may be earned.

#### Retirement Benefits

The Named Executive Officers are eligible to participate in our tax-qualified 401(k) plan. In addition, we believe that benefit programs that address the unique circumstances of executives in light of limitations imposed on benefits payable from qualified welfare, profit-sharing and retirement plans are critical in attracting and retaining quality executives. Therefore, we have adopted a Deferred Compensation Plan that allows our Named Executive Officers and other key employees to defer a portion of their annual salary and annual cash bonus, and allows our non-employee directors to defer a portion of their annual and meeting attendance fees, subject to certain specified maximum deferral amounts. The DCP also provides discretionary matching contributions in certain

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circumstances. For Fiscal 2015 and similar to previous years, we determined to make discretionary matching contributions only if the Company achieved ROA of 25%, as calculated under the Bonus Program. If the target ROA was achieved, we would match the amount of an executive officer's salary and bonus that he or she has voluntarily deferred under the DCP, up to a maximum of 12.5% of his or her salary and bonus. Because our ROA calculated under the Bonus Program was less than 25%, no discretionary matching contribution was made for Fiscal 2015. For Fiscal 2016, discretionary matching contributions will be made only if the Company achieves ROA of 25%. Amounts deferred under the DCP are deemed invested in one or more phantom investment funds and additional amounts are credited to participants' accounts based on the hypothetical earnings of such investments. In November 2009, the Compensation Committee approved the addition of NCI Common Stock as an investment option for certain of our executive officers. See "Executive Compensation — Nonqualified Deferred Compensation" for additional details regarding the terms of the DCP.

### Other Compensation

### Termination and Change of Control Agreements

Certain compensation arrangements of NCI include provisions providing special payments or benefits upon specified termination events or upon the occurrence of a change of control of NCI. However, these arrangements do not include "gross-ups" for golden parachute excise taxes or other taxes. We believe that these termination and change of control benefits provide our Named Executive Officers an incentive to act in the stockholders' best interests during a takeover despite the risk of losing their jobs or a significant change in the nature of their benefits and responsibilities. We also believe that, in some cases, our termination and change of control benefits are necessary to attract and retain certain executives. For a description of the terms of the employment agreements, consulting agreement and equity awards, see "Executive Compensation — Potential Payments upon Termination or Change in Control."

Pursuant to his employment agreement entered into on September 1, 2015, if Mr. Chambers' employment is terminated prior to the Retirement Date (as defined below in "Executive Compensation — Narrative to the Summary Compensation Table and Grants of Plan-Based Awards Table — Employment Agreements") by the Company without cause or by Mr. Chambers with good reason, he would be paid severance pay equal to one year of his then-current base salary or payment of his then-current base salary through March 31, 2018, whichever is greater, plus a pro rata bonus and 18 months of benefit continuation. In the event that such a termination occurs in connection with a change in control of the Company, the severance payment would be two times Mr. Chambers' then-current base salary and 18 months of benefit continuation. The employment agreement does not provide for the payment of any severance to Mr. Chambers by reason of any termination on or following the Retirement Date, or in connection with any of the resignations that may occur prior to March 31, 2018 in connection with the transition of Mr. Chambers' roles to a successor. For purposes of the employment agreement, "good reason" would include (among other elements) Mr. Chambers' termination due to the Company's stockholders failing to re-elect Mr. Chambers to the Board at the 2017 annual meeting.

We have also entered into employment agreements with each of our Named Executive Officers (other than Mr. Riley and Ms. Theroux, both of whom received offer letters described below) that provide for severance benefits upon the occurrence of certain termination events. If employment is terminated for any reason other than termination in connection with a "change of control," the Named Executive Officer will be entitled to receive the portion of such officer's earned annual base salary through the date of termination and any bonus to which such officer is entitled pursuant to the Bonus Program for a fiscal year ending prior to the date of termination. If a Named Executive Officer is terminated without "cause" or for "good reason" within 24 months following a "change of control" or a "potential change of control," the Named Executive Officer is entitled to receive (i) a lump sum payment equal to two times his or her annual base salary (at the highest annualized rate in effect during the one year period prior to the "change of control" or "potential change of control" date) and (ii) medical and dental coverage at the active employee rate for a period of up to

18 months. See “Executive Compensation — Potential Payments upon Termination or Change in Control.”

The offer letters given to Mr. Riley and Ms. Theroux each provide for six (6) months of base salary plus a pro rata bonus at target levels under the Bonus Program in the event that the executive is terminated without “cause” or, in the case of Mr. Riley only, for “good reason.” These severance payments are payable only if the termination occurs within thirty-six (36) months following the commencement of the executive’s employment.

In addition to these agreements, outstanding shares of restricted stock, restricted stock units, options and performance share units granted to the Named Executive Officers vest upon the occurrence of a change of control or in connection with certain termination events.

#### Perquisites and Personal Benefits

We offer only de minimis perquisites or personal benefits.

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### Gross-Ups

With the exception of limited, one-time tax indemnification in connection with the incurrence of relocation expenses under our relocation policy, NCI does not provide for any tax assistance or “gross-ups” for any of its executives.

### CEO Compensation

The Compensation Committee is directly responsible for determining the salary level of the CEO and all awards and grants to the CEO under the Bonus Program, Incentive Plan and the DCP. We believe that NCI in recent years has experienced challenges caused by adverse weather conditions, depressed economic conditions, increased competition and extreme volatility in the price of steel. Accordingly, the overall compensation package for the CEO is designed to motivate and reward the CEO for driving NCI to strengthen its competitive position in the nonresidential construction market, and a significant portion of the CEO’s compensation is incentive-based, providing greater compensation as direct and indirect measures of stockholder value increase. In Fiscal 2015, 76% of our CEO’s compensation was “at-risk,” meaning it was comprised of long- and short-term incentive equity awards and our Bonus Program, none of which are guaranteed to be paid. The CEO’s overall compensation package has also been set at a level that we believe provides appropriate differentiation between CEO compensation and the compensation of other executive officers hired from time to time. Information on Mr. Chambers’ compensation for Fiscal 2015 is set forth in the compensation tables following this CD&A. On September 1, 2015 we entered into an employment agreement with Mr. Chambers, whose previous employment agreement expired on April 30, 2014 following his attainment of age 65 and who has been employed on an at-will basis since that time. In light of Mr. Chambers’ importance to our business and our desire to continue motivating him with respect to our future performance, the new employment agreement was entered into to secure Mr. Chamber’s services through March 31, 2018. In addition, as noted above, because Mr. Chambers attained age 65 in Fiscal 2013, his then outstanding restricted stock awards vested at that time in accordance with their terms.

### Deductibility of Compensation

Section 162(m) of the Internal Revenue Code, imposes a \$1 million limit on the amount that a public company may deduct for compensation paid to the company’s chief executive officer and three other most highly compensated executive officers (other than the principal financial officer) employed as of the end of the year. This limitation does not apply to compensation that is paid only if the executive’s performance meets pre-established objective goals based on performance criteria approved by our stockholders. We have taken action, where possible and considered appropriate, which we believe should preserve the deductibility of compensation paid to NCI’s CEO and three other highest paid executives other than the CFO. In Fiscal 2014, our stockholders overwhelmingly approved the Senior Executive Bonus Plan effective for Fiscal 2014 and subsequent fiscal years, which is intended to continue to allow us to deduct annual bonus amounts. We have also awarded compensation that might not be fully tax deductible if we determined that such compensation is nonetheless in the best interests of NCI and its stockholders. While NCI seeks to take advantage of favorable tax treatment for executive compensation where appropriate, we believe that the primary drivers for determining the amount and form of executive compensation must be the retention and motivation of superior executive talent.

We will continue to review NCI’s executive compensation practices and will seek to preserve tax deductions for executive compensation to the extent consistent with our objective of providing compensation arrangements necessary and appropriate to foster achievement of NCI’s business goals.

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During Fiscal 2015, no member of the Compensation Committee served as an executive officer of the Company, and, except as described in “Transactions with Related Persons” below, no such person had any relationship with the

Company requiring disclosure herein. During Fiscal 2015, there were no Compensation Committee interlocks with other companies.

#### COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the above CD&A with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the CD&A be included in this proxy statement.

KATHLEEN J. AFFELDT (Chair)

GEORGE L. BALL

MATTHEW J. ESPE

JOHN J. HOLLAND

NATHAN K. SLEEPER



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## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table shows information regarding the total compensation paid to the Named Executive Officers for each of our last three completed fiscal years. The compensation reflected for each individual was for their services provided in all capacities to us.

| Name & Principal Position                   | Year | Salary<br>(\$) <sup>(a)</sup> | Bonus<br>(\$) <sup>(b)</sup> | Stock<br>Awards<br>(\$) <sup>(c)</sup> | Non-Equity<br>Incentive Plan<br>Compensation<br>(\$) <sup>(d)</sup> | All Other<br>Compensation<br>(\$) <sup>(e)</sup> | Total<br>(\$) |
|---|------|-------------------------------|------------------------------|--|---|--|---------------|
| Norman C. Chambers                          | 2015 | 825,000                       | —                            | 3,162,584                              | 500,775   | 32,911   | 4,521,270     |
| Chairman of the Board and                   | 2014 | 781,731                       | 60,000                       | —                                      | 165,000   | 23,184   | 1,029,915     |
| Chief Executive Officer                     | 2013 | 778,846                       | —                            | 58,550                                 | —   | 21,911   | 859,307       |
| Donald R. Riley<br>President <sup>(f)</sup> | 2015 | 433,846                       | 482,272                      | 963,811                                | 218,520   | 55,512   | 2,153,961     |
| Mark E. Johnson                             | 2015 | 425,000                       | —                            | 737,294                                | 193,481   | 18,181   | 1,373,956     |
| Executive Vice President,                   | 2014 | 387,500                       | 40,000                       | —                                      | 63,750  | 11,037   | 502,287       |
| Chief Financial Officer and                 | 2013 | 373,846                       | —                            | —                                      | —   | 7,830  | 381,676       |
| Treasurer                                   |      |                               |                              |  |   |  |               |
| Katy K. Theroux                             | 2015 | 350,000                       | —                            | 260,214                                | 159,338   | 287,096  | 1,056,648     |
| Vice President, Chief                       |      |                               |                              |  |   |  |               |
| Human Resources Officer <sup>(g)</sup>      | 2015 | 350,000                       | —                            | 325,281                                | 159,338   | 258  | 834,877       |
| Todd R Moore                                | 2014 | 326,923                       | 30,000                       | —                                      | 52,500  | 239  | 409,662       |
| Executive Vice President,                   | 2013 | 321,923                       | —                            | —                                      | —   | 143  | 322,066       |
| Secretary, General Counsel                  |      |                               |                              |  |   |  |               |
| Bradley D. Robeson                          | 2015 | 219,385                       | 99,281                       | 260,214                                | —   | 333,754  | 912,634       |
| Former President of                         | 2014 | 310,000                       | —                            | —                                      | 46,500  | 19,293   | 375,793       |
| Engineered Buildings                        | 2013 | 321,923                       | —                            | —                                      | —   | 11,895   | 333,818       |
| Division                                    |      |                               |                              |  |   |  |               |
| Mark W. Dobbins                             | 2015 | 230,000                       | 104,085                      | 260,214                                | —   | 329,186  | 923,485       |
| Former President of Metal                   | 2014 | 325,000                       | —                            | —                                      | 48,750  | 6,258  | 380,008       |
| Components Division                         | 2013 | 337,500                       | —                            | —                                      | —   | 245  | 337,745       |

The amounts reported in the “Salary” column are calculated by taking into account the NEOs’ increases in base salary (a) in Fiscal 2014 and Fiscal 2013 based on a 53-week fiscal year. See “Compensation Discussion & Analysis — Base Salary” above.

The amounts reported in the “Bonus” column for Messrs. Chambers, Johnson and Moore reflect one-time bonuses for (b) what the Compensation Committee viewed as exceptional effort in connection with the Company’s transactional activity during Fiscal 2014. The amount reported for Mr. Riley reflects an employment signing bonus.

The amounts reported in the “Stock Awards” column reflects the aggregate grant date fair value of the awards granted under our Incentive Plan in the relevant fiscal years, computed in accordance with FASB ASC Topic 718.

(c) See Note 8 of the consolidated financial statements in NCI’s Annual Report on Form 10-K for the fiscal year ended November 1, 2015 for additional detail regarding assumptions underlying the valuation of equity awards. See “Compensation Discussion & Analysis — Long-Term Incentive Compensation.” In connection with their termination of employment, Messrs. Robeson and Dobbins forfeited their FY 2015 Awards.

(d)

The amounts in this column reflect the amounts earned for the relevant fiscal years under the Company's Bonus Program. See "Compensation Discussion & Analysis — Annual Bonus."

The "All Other Compensation" column includes NCI 401(k) matching contributions and DCP contributions with respect to the named executive officers described below, the taxable value of a life insurance benefit, a (e) transportation allowance for Messrs. Chambers, Johnson and Robeson, temporary housing and relocation expenses for Mr. Riley and Ms. Theroux and severance payments made to Messrs. Dobbins and Robeson in 2015.

Unlike in 2013 and 2014, in Fiscal 2015 NCI 401(k) matching contributions were made with respect to each of our Named Executive Officers with the exception of Messrs. Moore and Robeson, and DCP matching contributions were made with respect to Messrs. Chambers and Johnson.

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The 401(k) matching contribution made in Fiscal 2015 with respect to Mr. Dobbins was \$11,925, and the DCP matching contribution made with respect to Mr. Chambers was \$22,748. Temporary housing and relocation expenses of \$48,590 and \$281,756 were paid with respect to Mr. Riley and Ms. Theroux, respectively. Finally, in Fiscal 2015, Mr. Dobbins and Mr. Robeson received severance pay and termination benefits in the amounts of \$317,083 and \$325,650, respectively, which consisted of salary contribution, payment of accrued vacation and sick pay and the value of continued medical coverage.

(f) Mr. Riley was not a Named Executive Officer in Fiscal 2013 or Fiscal 2014.

(g) Ms. Theroux was not a Named Executive Officer in Fiscal 2013 or Fiscal 2014.

## Grants of Plan-Based Awards Table

The following table sets forth information concerning grants of plan-based awards to each of the Named Executive Officers under the Bonus Program and the Incentive Plan during Fiscal 2015.

| Name                       | Grant Date | Award Type    | Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(a)</sup> |             |              | Estimated Future Payouts Under Equity Incentive Plan Awards |            |             | All Other Stock Awards; Number of Shares of Stock or Units (#) | Grant date Fair Value of Stock and Option Awards (\$) |
|----------------------------|------------|---------------|--|-------------|--------------|---|------------|-------------|--|---|
|                            |            |               | Threshold <sup>(b)</sup> (\$)  | Target (\$) | Maximum (\$) | Threshold <sup>(b)</sup> (#)                                | Target (#) | Maximum (#) |  |   |
| Mr. Chambers               | 12/12/2014 | Bonus Program | —  | 750,000     | 1,500,000    | —   | —          | —           | —  |   |
|                            | 12/15/2014 | RSA and PSU   | —  | —           | —            | —   | 78,686     | 157,372     | 52,458   | 2,168,515   |
|                            | 02/24/2015 | RSUs          | —  | —           | —            | —   | —          | —           | 59,312   | 994,069   |
| Mr. Riley                  | 12/12/2014 | Bonus Program | —  | 360,000     | 720,000      | —   | —          | —           | —  |   |
|                            | 12/08/2014 | RSA           | —  | —           | —            | —   | —          | —           | 22,051   | 400,005   |
|                            | 12/15/2014 | RSA and PSU   | —  | —           | —            | —   | 20,458     | 40,916      | 13,639   | 563,806   |
| Mr. Johnson                | 12/12/2014 | Bonus Program | —  | 270,000     | 540,000      | —   | —          | —           | —  |   |
|                            | 12/15/2014 | RSA and PSU   | —  | —           | —            | —   | 26,753     | 53,506      | 17,836   | 737,294   |
| Ms. Theroux                | 12/12/2014 | Bonus Program | —  | 262,500     | 525,000      | —   | —          | —           | —  |   |
|                            | 12/15/2014 | RSA and PSU   | —  | —           | —            | —   | 9,442      | 18,884      | 6,295  | 260,214   |
| Mr. Moore                  | 12/12/2014 | Bonus Program | —  | 232,500     | 465,000      | —   | —          | —           | —  |   |
|                            | 12/15/2014 | RSA and PSU   | —  | —           | —            | —   | 11,803     | 23,606      | 7,869  | 325,281   |
| Mr. Robeson <sup>(c)</sup> | 12/12/2014 | Bonus Program | —  | 232,500     | 465,000      | —   | —          | —           | —  |   |
|                            | 12/15/2014 | RSA and PSU   | —  | —           | —            | —   | 9,442      | 18,884      | 6,295  | 260,214   |
|                            | 12/12/2014 |               | —  | 243,750     | 487,500      | —   | —          | —           | —  |   |

|                               |                  |   |   |   |   |       |        |       |         |  |
|-------------------------------|------------------|---|---|---|---|-------|--------|-------|---------|--|
| Mr.<br>Dobbins <sup>(c)</sup> | Bonus<br>Program |   |   |   |   |       |        |       |         |  |
| 12/15/2014                    | RSA and<br>PSU   | — | — | — | — | 9,442 | 18,884 | 6,295 | 260,214 |  |

- (a) Represents target and maximum amounts potentially payable under NCI’s Bonus Program for Fiscal 2015. See “Compensation Discussion & Analysis — Annual Bonus — Fiscal 2015.” Payouts under the Fiscal 2015 Bonus Program were determined based on ROA and Adjusted EBITDA. While each performance metric had an individual threshold below which no payment would be made in respect of that performance metric, a bonus could still be earned if the threshold for the other performance metric was achieved. As a result, a cumulative threshold below which no payment would be made is not calculable. See “Compensation Discussion & Analysis — Annual Bonus — Fiscal 2015.” Similarly, the performance under the FY 2015 Awards is based on three measures, free cash flow, Adjusted EBITDA and total shareholder return, and, while each performance metric includes an individual threshold, vesting could occur under any of the three metrics. As a result, a cumulative threshold for the FY 2015 Awards is also not calculable.
- (b) As a result, a cumulative threshold below which no payment would be made is not calculable. See “Compensation Discussion & Analysis — Annual Bonus — Fiscal 2015.” Similarly, the performance under the FY 2015 Awards is based on three measures, free cash flow, Adjusted EBITDA and total shareholder return, and, while each performance metric includes an individual threshold, vesting could occur under any of the three metrics. As a result, a cumulative threshold for the FY 2015 Awards is also not calculable.
- (c) In connection with their termination of employment, Messrs. Robeson and Dobbins forfeited their FY 2015 Awards.

Narrative to the Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Agreements

On September 1, 2015, we entered into an employment agreement with Mr. Chambers, whose previous employment agreement expired on April 30, 2014 following his attainment of age 65 and who has been employed on an at-will basis since that time. In light

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of Mr. Chambers' importance to our business, the new employment agreement was entered into to secure Mr. Chambers' services through March 31, 2018.

Under Mr. Chambers' employment agreement, the Company and Mr. Chambers have agreed that Mr. Chambers will continue in his current roles until March 31, 2018 (the "Retirement Date"), at which time he will retire from all positions with the Company, unless otherwise mutually agreed. In addition, if the Board identifies and appoints a successor to the CEO position before the Retirement Date (the date of that appointment being referred to below as the "Transition Date"), Mr. Chambers will resign from the CEO position, in which event Mr. Chambers will remain Executive Chairman of the Board through the Retirement Date. Similarly, in order to permit a succession to occur in stages, Mr. Chambers has agreed to resign from the President role, but not the CEO role, in connection with the appointment by the Board of Mr. Riley as President, which occurred on January 1, 2016.

For the period from September 1, 2015 through the 90<sup>th</sup> day following the Transition Date (but not beyond March 31, 2018), Mr. Chambers will continue to receive compensation and employee benefits at his current levels, including a base salary of not less than \$825,000 and a target annual bonus of not less than 100% of his base salary. After this 90<sup>th</sup> day and continuing through the Retirement Date, Mr. Chambers will receive compensation for his service as Executive Chairman at levels to be agreed based on his expected time commitment and competitive practice, but at a level that is not less than 50% of his current levels.

Prior to the Retirement Date, Mr. Chambers will continue to be eligible to receive awards of equity compensation in amounts determined by the Board. These equity awards will have vesting provisions relating to termination of employment and change in control of the Company that are consistent with the restricted stock and performance share awards made to Mr. Chambers in December 2014, and which are described in the Company's Fiscal 2015 proxy and in a Current Report on Form 8-K filed by the Company on December 17, 2014.

With the exception of Mr. Riley and Ms. Theroux, to whom we have given offer letters described below, we also have entered into employment agreements with each of the other Named Executive Officers. The term of the employment agreements with the other Named Executive Officers runs for a period of two years following the Equity Investment that occurred on October 20, 2009, subject to automatic one-year extensions thereafter unless either party gives notice of non-renewal. The agreements provide the Named Executive Officers with an annual base salary, which is subject to annual review. The agreements also provide that each Named Executive Officer is eligible to receive annual bonuses under NCI's Bonus Program and to participate in the health, retirement and welfare benefits provided by NCI. The severance and change of control benefits provided by the agreements are described below in the section titled "Potential Payments upon Termination or Change in Control."

Mr. Riley and Ms. Theroux were each provided with an offer of employment, pursuant to which they will be employed by the Company on an "at-will" basis. The offers provide Mr. Riley and Ms. Theroux with an annual base salary and an annual bonus target equal to 75% of base salary under NCI's Bonus Program. (Mr. Riley's target bonus percentage has been increased to 80% of his base salary for Fiscal 2016.) Each is also entitled to participate in the Deferred Compensation Plan, receive annual equity awards, be reimbursed for commuting and/or relocation costs and receive modest severance, as described below in the section titled "Potential Payments upon Termination or Change in Control." In addition, Mr. Riley and Ms. Theroux also received an initial equity award upon their commencement of employment, and Mr. Riley also received a \$460,000 signing bonus that has become fully vested.

### Fiscal 2015 Bonus Program

Our short-term incentive compensation program for our Named Executive Officers for Fiscal 2015 was dependent upon our attainment of a specified level of ROA and Adjusted EBITDA. The amount payable to a recipient of a Fiscal 2015 award under the Bonus Program is determined based on the ROA and Adjusted EBITDA levels actually attained

by us for Fiscal 2015 and is equal to a specified percentage of the recipient's base salary. For Fiscal 2015, our Compensation Committee did not exercise any discretion to increase or reduce bonuses otherwise payable by reason of the applicable performance criteria. See "Compensation Discussion & Analysis — Annual Bonus" for additional information.

#### Restricted Stock and Restricted Stock Unit Awards and Stock Options

As reflected in the table that follows, with respect to fiscal years prior to Fiscal 2012, our Named Executive Officers were permitted to elect to receive all or a portion of their annual equity award granted each December under the Incentive Plan in the form of restricted stock or options. The restricted stock awards generally vested ratably with respect to 25% of the total number of shares subject to the award, starting on the first anniversary of the date of grant. Substantially all of these restricted stock and option awards have now vested.

On February 24, 2015, the Compensation Committee authorized an award of 59,312 shares of restricted stock units to Mr. Chambers.

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The Compensation Committee granted this award to Mr. Chambers as additional incentive for Mr. Chambers to continue his exceptional performance on the Company's behalf. The award vests on a daily basis through February 23, 2018, subject to Mr. Chambers' continued services through that date. The award may also vest in whole or in part upon the occurrence of certain terminations of employment prior to February 23, 2018 and will vest in full upon a change in control of the Company prior to that date.

In connection with the commencement of their employment, Mr. Riley and Ms. Theroux received \$400,000 and \$150,000, respectively, in restricted stock (corresponding to 22,051 and 7,599 shares, respectively). Both grants vest ratably over four years, at 25% each year, and are subject to the same terms and conditions as restricted stock awards granted to our other Named Executive Officers under the Incentive Plan.

## Fiscal 2015 and Fiscal 2016 Long-Term Incentive Awards

In December 2014 and December 2015, our Compensation Committee granted restricted stock (restricted stock units in December 2015) and performance shares units to our NEOs. See "Compensation Discussion & Analysis — Long-Term Incentive Compensation."

## Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning unexercised stock options and unvested restricted stock and restricted stock units held by each of our Named Executive Officers as of November 1, 2015. The number of shares and exercise prices included in this table have been adjusted where applicable to reflect the 1:5 reverse stock split that occurred on March 5, 2010.

| Name         | Option Awards  |   |                            |                        | Stock Awards     |  |   | Equity  | Equity  |
|--------------|--|---|----------------------------|------------------------|------------------|--|---|---|---|
|              | Number of Securities Underlying Unexercised Options Exercisable (#) <sup>(a)</sup> | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Grant Award Date | Number of Shares or Units of Stock That Have Not Vested (#) <sup>(b)</sup> | Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(c)</sup> | Awards: Number of Shares, Units or Rights That Have Not Vested (#) <sup>(d)</sup> | Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) <sup>(e)</sup> |
| Mr. Chambers | 609,137  | —   | 8.85                       | 12/11/19               | 12/15/14         | 52,458   | 548,711   | 78,686  | 823,056   |
|              | 33,334   | —   | 12.00                      | 12/14/20               | 02/24/15         | 59,312   | 620,404   | —   | —   |
| Mr. Riley    | —  | —   | —                          | —                      | 12/08/14         | 22,051   | 230,653   | —   | —   |
|              | —  | —   | —                          | —                      | 12/15/14         | 13,639   | 142,664   | 20,458  | 213,991   |
| Mr. Johnson  | 345,254  | —   | 8.85                       | 12/11/19               | 12/15/11         | 7,368  | 77,069  | —   | —   |
|              | —  | —   | —                          | —                      | 12/15/14         | 17,836   | 186,565   | 26,753  | 279,836   |
| Ms. Theroux  | —  | —   | —                          | —                      | 09/02/14         | 7,599  | 79,486  | —   | —   |
|              | —  | —   | —                          | —                      | 12/15/14         | 6,295  | 65,846  | 9,442   | 98,763  |
|              | 228  | —   | 220.00                     | 12/15/15               | 12/15/11         | 3,868  | 40,459  | —   | —   |
| Mr. Moore    | 86,599   | —   | 8.85                       | 12/11/19               | 12/15/14         | 7,869  | 82,310  | 11,803  | 123,459   |

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|             |         |     |        |          |   |   |   |   |   |
|-------------|---------|-----|--------|----------|---|---|---|---|---|
|             | 2,579   | 860 | 10.18  | 12/15/21 | — | — | — | — | — |
|             | 182     | —   | 220.00 | 12/15/15 | — | — | — | — | — |
| Mr.         | 152,285 | —   | 8.85   | 12/11/19 | — | — | — | — | — |
| Robeson     | 29,167  | —   | 12.00  | 12/14/20 | — | — | — | — | — |
|             | 34,382  | —   | 10.18  | 12/15/21 | — | — | — | — | — |
|             | 273     | —   | 220.00 | 12/15/15 | — | — | — | — | — |
| Mr. Dobbins | 248,808 | —   | 8.85   | 12/11/19 | — | — | — | — | — |
|             | 8,334   | —   | 12.00  | 12/14/20 | — | — | — | — | — |

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(a) All exercisable stock options previously granted (i) have an exercise price not less than the closing price of NCI's Common Stock on the day before the grant date (adjusted to reflect the reverse stock split that occurred on March 5, 2010 for stock options granted prior to that date), (ii) became exercisable with respect to 25% of the total option shares each year, starting on the first anniversary of the grant date (stock options granted prior to October 20, 2009 became fully vested in connection with the consummation of the Equity Investment on that date), and (iii) are granted for a term of 10 years. Additional terms governing the stock option awards are described in the narrative above entitled "Executive Compensation — Narrative to the Summary Compensation Table and Grants of Plan-Based Awards Table — Restricted Stock and Restricted Stock Unit Awards and Stock Options."

(b) Reflects (1) the unvested portions of the annual restricted stock grants for Fiscal 2011 and the restricted stock portion of the FY 2015 Awards granted to the Named Executive Officers on December 15, 2014 and (2) the awards of restricted stock granted to



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Mr. Riley and Ms. Theroux and the award of restricted stock units granted to Mr. Chambers. For a description of the vesting of these awards, see “Compensation Discussion & Analysis — Long-Term Incentive Compensation” and “Executive Compensation — Narrative to the Summary Compensation Table and Grants of Plan-Based Awards Table — Restricted Stock and Restricted Stock Unit Awards and Stock Options.”

(c) This column represents the closing price of our Common Stock on October 30, 2015, the last business day of Fiscal 2015, which is \$10.46, multiplied by the number of shares of restricted stock.

(d) This column represents the performance share unit awards granted to the Named Executive Officers on December 15, 2014, determined assuming the target level of performance is achieved.

(e) This column represents the closing price of our Common Stock on October 30, 2015, the last business day of Fiscal 2015, which is \$10.46, multiplied by the number of shares underlying the performance share units, determined assuming the target level of performance is achieved.

## Option Exercises and Stock Vested

The following table sets forth information concerning the vesting of restricted stock of each of our Named Executive Officers during Fiscal 2015. A number of options were exercised in December of Fiscal 2015:

| Name         | Option Awards                             |                                 | Stock Awards                             |   |
|--------------|---|---------------------------------|--|---|
|              | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) <sup>(a)</sup> |
| Mr. Chambers | —   | —                               | 158,386                                  | 2,228,902                                     |
| Mr. Riley    | —   | —                               | —  | —   |
| Mr. Johnson  | 5,000                                     | 44,881                          | 89,996                                   | 1,345,727                                     |
| Ms. Theroux  | —   | —                               | —  | —   |
| Mr. Moore    | 20,000                                    | 178,849                         | 52,288                                   | 780,445                                       |
| Mr. Robeson  | —   | —                               | 44,774                                   | 645,193                                       |
| Mr. Dobbins  | 5,000                                     | 44,857                          | 62,723                                   | 933,484                                       |

(a) This column represents the market price on the vesting date multiplied by the number of shares of restricted stock. The figure for all NEOs includes the vesting of the FY 2012 PSUs, which occurred in July of Fiscal 2015. The figure for Mr. Chambers also includes the value of 13,529 restricted stock units which represents the vested portion of the restricted stock units granted to him pursuant to his employment agreement. The restricted stock units will be settled in shares of common stock upon the first to occur of (i) Mr. Chambers’ termination of employment, (ii) a change in control or (iii) February 23, 2018.

## Pension Benefits

We do not sponsor or maintain any plans that provide for specified retirement payments or benefits, such as tax-qualified defined benefit plans or supplemental executive retirement plans, for our Named Executive Officers.

## Nonqualified Deferred Compensation

The following table sets forth information concerning nonqualified deferred compensation benefits of each of our Named Executive Officers under the DCP for Fiscal 2015:



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| Name         | Executive Contributions in Last FY<br>(\$) <sup>(a)</sup> | Registrant Contributions in Last FY<br>(\$) | Aggregate Earnings in Last FY<br>(\$) | Aggregate Withdrawals/Distributions<br>(\$) | Aggregate Balance at Last FYE <sup>(b)</sup><br>(\$) |
|--------------|---|---|---------------------------------------|---|--|
| Mr. Chambers | 99,248  | —   | (1,172,318)                           | —   | 1,360,451  |
| Mr. Riley    | —   | —   | —                                     | —   | —  |
| Mr. Johnson  | 43,680  | —   | 884                                   | 11,967                                      | 89,533   |
| Ms. Theroux  | —   | —   | —                                     | —   | —  |
| Mr. Moore    | —   | —   | —                                     | —   | —  |
| Mr. Robeson  | —   | —   | 902                                   | —   | 49,002   |
| Mr. Dobbins  | —   | —   | (21)                                  | 52,567                                      | —  |

(a) Contributions made by the Named Executive Officers during Fiscal 2015 are included in each such executive's salary and bonus amounts, as applicable, as reported in the "Summary Compensation Table."

(b) Of the totals in the "Aggregate Balance at Last FYE" column, the following amounts were reported as compensation in the "Summary Compensation Table" of our proxy statements in Fiscal 2014 and previous years pursuant to the SEC's current disclosure rules: Mr. Chambers, \$2,433,520, Mr. Riley, \$0, Mr. Johnson, \$56,935, Ms. Theroux, \$0, Mr. Robeson, \$48,100, Mr. Dobbins, \$52,587, and Mr. Moore, \$0.

Eligible participants in the DCP include certain employees and non-employee directors of NCI who are selected by the Compensation Committee to participate. The DCP is a nonqualified retirement plan created to provide specified benefits to our highly compensated employees and directors. The DCP allows employees, including the Named Executive Officers, to defer up to 80% of their annual salaries and up to 90% of their annual cash bonuses, and allows NCI's non-employee directors to defer up to 100% of their annual fees and meeting attendance fees, until a specified date in the future, including at or after retirement. Elections to defer under the DCP must be made prior to the end of the year preceding the year the compensation will be earned. Elections to defer incentive payments based on services to be performed over at least a twelve-month period must be made no later than six months prior to the end of the designated performance period. Mr. Riley was not eligible to participate in the DCP in Fiscal 2015, and Ms. Theroux chose not to participate.

On March 6, 2009, NCI indefinitely suspended matching contributions under the DCP on contributions in excess of the applicable Internal Revenue Code limits on 401(k) plan contributions ("Restoration Match"), and no Restoration Match was made during Fiscal 2010 or in Fiscal 2011. We re-instituted the Restoration Match effective as of July 1, 2011, and a Restoration Match was made during Fiscal 2014. The DCP also allows discretionary matching contributions to provide a supplemental retirement benefit to executives. Messrs. Chambers and Dobbins are not eligible to receive discretionary matching contributions under the DCP until the value of the discretionary matching contributions that would otherwise have been made, with attributed earnings, exceeds the value of the special 2004 Long-Term Restricted Stock Awards as determined by the Compensation Committee. For Fiscal 2015, we determined to make discretionary matching contributions provided that NCI achieved ROA for Fiscal 2014 of 25%, as calculated under the Bonus Program. If target ROA was achieved, we would match the percentage of an executive officer's salary and bonus that he has voluntarily deferred under the DCP, up to a maximum of 12.5%. Because our ROA calculated under the Bonus Program was less than 25%, no discretionary contribution was made for Fiscal 2015. Executives generally become vested in the Restoration Match in a manner consistent with NCI's match in the NCI 401(k) plan, which generally vests ratably over a six-year period. Discretionary matching contributions vest ratably over a three-year period. However, effective upon the consummation of the Equity Investment on October 20, 2009, all matching contributions then allocated to a participant's account under the DCP became 100% vested. Matching contributions allocated to a participant's account following October 20, 2009, will also become fully vested upon any subsequent change of control or upon the participant's retirement, death or disability.

Amounts deferred are deemed invested in one or more phantom investment funds and additional amounts are credited to participants' accounts based on the hypothetical earnings of such investments. In November 2009, the Compensation Committee approved the addition of purchasing NCI Common Stock as an investment option for certain of our executive officers. No above-market or preferential earnings are paid under the DCP and, therefore, none of the aggregate earnings reported in the table above are included in the Summary Compensation Table. Participants may change their investment options at any time, subject to the administrative procedures adopted by the plan administrator and certain transfer restrictions on those executives who purchase NCI stock through the DCP. The table below shows the funds available in the DCP and the annual return of each for Fiscal 2015:

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| Investment Funds                               | Rate of<br>Return |    |
|--|-------------------|----|
| Wells Fargo ADV Government Money Market Fund   | 0.0               | %  |
| American EuroPacific Growth Fund               | 0.2               | %  |
| American Beacon Stephens Small Cap Growth Fund | (3.4              | )% |
| Fidelity Spartan® 500 Index Fund Advtg® CL     | 5.2               | %  |
| Baird Aggregate Bond Inst                      | 2.2               | %  |
| NCI Stock Fund                                 | (47.4             | )% |

Withdrawal elections under the DCP will be made in conjunction with the deferral election, and the scheduled distribution date elected will be the first day of a plan year at least three years after the end of the plan year to which the amounts subject to the election relate. A participant may elect to receive a scheduled in-service distribution in a lump sum or in installments. Changes to withdrawal elections must be made at least 12 months prior to the initial elected payment date and must defer the new initial payment date at least five years. In-service withdrawals are permitted to satisfy an unforeseeable emergency plus the amounts anticipated to pay taxes on the withdrawal amount. If a participant withdraws amounts from the DCP upon an unforeseeable emergency, the participant's participation in the DCP may be suspended. Upon a change of control or the participant's death, disability or other termination (other than due to retirement), a participant will receive his vested plan account in a lump sum. Upon a change of control, a participant's deferral elections immediately terminate with respect to any prospective compensation payable following the change of control.

NEOs may defer receipt of the shares of NCI Common Stock that they earn with respect to the FY 2015 Awards and the FY 2016 Awards. If a deferral election is made, these deferrals will be credited as phantom shares of Common Stock. These deferrals must remain in the form of phantom shares during the entire deferral period and may not be exchanged into any of the other investment options under the DCP. The phantom shares will be settled in actual shares of NCI common stock on settlement dates elected by the participant at the time of deferral.

We have established a rabbi trust to provide for NCI's obligations under the DCP and have formed an administrative committee to manage the DCP and its assets. Pursuant to the Investment Agreement, effective on October 20, 2009 (the "Investment Agreement"), the DCP was amended to eliminate the right to appoint a third-party administrator of the DCP after October 20, 2009. Similarly, the rabbi trust that is the source of funding for obligations under the DCP was amended so that certain administrative protections that would have gone into effect following a change of control did not apply as a result of the Equity Investment. In addition, as a result of the amendment, the requirement to fully fund the rabbi trust upon a change of control did not apply as a result of the Equity Investment.

#### Potential Payments upon Termination or Change in Control

We have entered into employment agreements or offer letters with each of our Named Executive Officers that contain provisions regarding payments to be made to such individuals upon termination of their employment, including, for certain NEOs, in connection with a change of control. These agreements are described in greater detail below and in the section of this proxy statement above entitled "Narrative to the Summary Compensation Table and Grants of Plan-Based Awards Table — Employment Agreements." In addition, equity award agreements issued to our Named Executive Officers under the Incentive Plan contain provisions that provide for accelerated vesting of awards in the event of certain termination events and/or upon a change of control.

#### Employment Agreements and Offer Letters

Under Mr. Chambers' employment agreement, if Mr. Chambers remains employed with the Company through the Retirement Date, or if his employment is terminated prior to the Retirement Date by the Company without cause or by

Mr. Chambers with good reason (as these terms are defined in the employment agreement), Mr. Chambers will receive three additional years of vesting as to equity awards he then holds (other than restricted stock, which would vest in full as of the date of termination). In addition, upon a termination without cause or for good reason, the then-unvested portion of the restricted stock units granted to Mr. Chambers in the first quarter of 2015 will vest on a daily basis over the remainder of the three-year vesting period and will be settled at the end of that period in shares of Common Stock.

If Mr. Chambers' employment is terminated prior to the Retirement Date by the Company without cause or by Mr. Chambers with good reason, he would be paid severance pay equal to one year of his then-current base salary or payment of his then-current base salary through March 31, 2018, whichever is greater, plus a pro rata bonus and 18 months of benefit continuation. In the event that such a termination occurs in connection with a change in control of the Company, the severance payment would be two times Mr. Chambers' then-current base salary and 18 months of benefit continuation. The employment agreement does not provide for the payment of any severance to Mr. Chambers by reason of any termination on or following the Retirement Date, or in connection with any of the resignations that may occur prior to March 31, 2018 in connection with the transition of Mr. Chambers' roles to a successor.

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For purposes of the employment agreement, “good reason” would include (among other elements) Mr. Chambers’ termination due to the Company’s stockholders failing to re-elect Mr. Chambers to the Board at the 2017 annual meeting.

The employment agreements with our other Named Executive Officers (other than the offer letters with Mr. Riley and Ms. Theroux) also provide for severance benefits upon the occurrence of certain termination events. If employment is terminated for any reason other than termination in connection with a “change of control,” the Named Executive Officer will be entitled to receive the portion of such officer’s earned annual base salary through the date of termination and any bonus to which such officer is entitled pursuant to the Bonus Program for a fiscal year ending prior to the date of termination. If a Named Executive Officer is terminated without “cause” or for “good reason” within 24 months following a “change of control” or a “potential change of control,” the Named Executive Officer is entitled to receive (i) a lump sum payment equal to two times his or her annual base salary (at the highest annualized rate in effect during the one year period prior to the “change of control” or “potential change of control” date) and (ii) medical and dental coverage at the active employee rate for a period of up to 18 months. Each Named Executive Officer is subject to confidentiality obligations during and after his employment, and is further bound by a covenant not to compete with us for the term of his or her employment and, in the event such executive officer receives a change of control payment, for a period of two (2) years following such executive officer’s termination. The agreements with the Named Executive Officers also contain nonsolicitation provisions that apply for a period of three years following the longer of (a) the termination of the officer’s employment or (b) the period during which the officer is entitled to receive payments under the agreement. Termination of a Named Executive Officer’s employment due to breach of one of these covenants constitutes a termination for “cause.” The employment agreement does not prohibit the waiver of a breach of these covenants.

For purposes of the employment agreements, “change of control” means (A) any person becomes the beneficial owner of 20% or more of the combined voting power of NCI, (B) as a result of, or in connection with, a tender or exchange offer, merger or other business combination, persons who were directors immediately before the transaction cease to constitute the majority of NCI’s Board of Directors, (C) NCI is merged or consolidated with another company or transfers substantially all of its assets to another company and, as a result, less than 50% of the outstanding voting securities of the resulting company are owned in the aggregate by former NCI stockholders, or (D) a tender or exchange offer is made for 30% or more of the combined voting power of NCI.

Similarly, for purposes of the employment agreements, “potential change of control” means (A) NCI’s entry into any agreement, the consummation of which would result in a “change of control,” (B) any person publicly announces an intention to take actions that, if consummated, would constitute a “change of control,” or (C) NCI’s Board of Directors adopts a resolution to the effect that a “potential change of control” has occurred. To the extent payments under the employment agreements to our Named Executive Officer (other than Mr. Chambers) constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code, the payments to be received by the officer may be reduced to the extent a reduction in the payment amount would put the officer in a better after-tax position than he would be in if the excise tax under Section 4999 were imposed on such payments.

The offer letters given to Mr. Riley and Ms. Theroux each provide for six (6) months of base salary plus a pro rata bonus at target levels under the Bonus Program in the event that the executive is terminated without cause or, in the case of Mr. Riley only, for good reason. Such severance payments are payable only if the termination occurs within thirty-six (36) months following the commencement of the executive’s employment. For purposes of these agreements and offer letters, “cause” generally is defined to cover specified acts that are damaging to the Company, and “good reason” generally is defined to include specified acts by the Company that amount to a constructive termination of the executive’s employment.

Equity Incentive Awards

Restricted Stock (Other than the FY 2015 Awards) and Restricted Stock Units

Mr. Chambers holds unvested restricted stock units granted to him in Fiscal 2015. These restricted stock units will become fully vested prior to the completion of the stated vesting period (1) upon the Named Executive Officer's death or disability, or (2) upon the occurrence of a change of control. In the event that Mr. Chambers' employment is terminated by NCI without cause or by Mr. Chambers for good reason prior to the completion of the stated vesting period, these restricted stock units will continue to vest on a daily basis for the remainder of the three-year vesting period and will be settled in shares of Common Stock at the end of that period.

Mr. Johnson and Mr. Moore each hold unvested restricted stock with respect to fiscal years prior to Fiscal 2013. These shares of restricted stock will become fully vested prior to the completion of the stated vesting period in the event (1) the Named Executive Officer's employment is terminated by NCI without cause, or (2) the Named Executive Officer terminates his employment for good reason. These shares of restricted stock will also fully vest prior to the completion of the stated vesting period (a) upon the Named Executive Officer's death or disability, (b) upon the Named Executive Officer's attainment of 65 years of age, or (c) upon the occurrence of a change of control.



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Mr. Riley and Ms. Theroux each hold unvested restricted stock granted to them in Fiscal 2015 in connection with their commencement of employment with the Company. These shares of restricted stock will become fully vested prior to the completion of the stated vesting period (1) upon the Named Executive Officer's death or disability or (2) upon the occurrence of a change of control. These shares of restricted stock do not vest upon the holder's retirement or attainment of 65 years of age.

### FY 2015 Awards

The unvested restricted shares granted to the Named Executive Officers as part of the FY 2015 Awards will become fully vested prior to the completion of the stated vesting period (1) upon the Named Executive Officer's death or disability, or (2) upon the occurrence of a change of control. In addition, with respect to Mr. Chambers only, the unvested restricted shares granted as part of the FY 2015 Awards will also become fully vested in the event that his employment is terminated by NCI without cause or by him for good reason.

The unvested performance share units granted to the Named Executive Officers as part of the FY 2015 Awards will become vested prior to the completion of the performance period as follows: (1) on a pro rata basis (a) in the event the Named Executive Officer's employment is terminated by NCI without cause, (b) in the event the Named Executive Officer terminates his employment for good reason or (c) upon the Named Executive Officer's death or disability, such pro rata vesting to be determined based on the elapsed portion of the performance period (except that, if the performance period is less than one-half completed, the performance share units will be forfeited upon any such termination other than for death or disability) and measured against the actual satisfaction of the performance criteria; and (2) as to the maximum number of performance share units under the award upon a change of control. With respect to Mr. Chambers only, the unvested performance share units will not be subject to prorated vesting in the event that his employment is terminated by NCI without cause or by him for good reason, and instead would vest in full based on the actual satisfaction of the performance criteria.

### Stock Options

Currently Mr. Moore is the only Named Executive Officer who holds unvested stock options. These unvested stock options will become vested on a pro rata basis prior to the completion of the stated vesting period in the event (1) Mr. Moore's employment is terminated by NCI without cause, or (2) Mr. Moore terminates his employment for good reason, such pro rata vesting to be determined based on the number of months during the vesting period that he remained employed with NCI. In addition, these stock options will become fully vested (1) upon Mr. Moore's death or "disability" or (2) upon the occurrence of a change of control. Following termination of employment, a Named Executive Officer will have 60 days to exercise any vested stock options, except in the event of the Named Executive Officer's death, disability or retirement, in which event the option may be exercised during the 180-day period (but in each case not later than the stated expiration date).

### 2015 Terminations

As a result of our commercial sales reorganization in Fiscal 2015, effective March 9, 2015 both Mark W. Dobbins and Bradley D. Robeson no longer served as President of Metal Components Division and President of Engineered Buildings Division, respectively, due to the elimination of their respective positions. These individuals served as non-executive employees of NCI until July 2015, and since that time have continued to provide consulting services to NCI, which either they or NCI may terminate on thirty days' notice. In connection with their departures, each executive entered into a transition and separation agreement pursuant to which he agreed to certain restrictive covenants and received: (a) a pro rata bonus under our Fiscal 2015 Bonus Program, (b) reimbursement for the incremental increase in the cost of healthcare premiums following a post-termination COBRA election, (c) twelve months of outplacement services, (d) full vesting of his options, in the case of Mr. Robeson, or restricted stock (other

than the FY 2015 Awards), in the case of Mr. Dobbins and (e) continued vesting of his unvested FY 2012 PSUs, which would otherwise have been forfeited in accordance with their terms. In addition, Messrs. Dobbins and Robeson received separation payments, subject to certain terms and conditions, in the amount of \$325,000 and \$310,000, respectively. The value of payments and benefits received by Messrs. Dobbins and Robeson (other than their pro rata bonuses, which are shown in the Summary Compensation Table, and the cost of outplacement services, which imposes no additional incremental cost on the Company) are reflected in the table below.

#### Quantification of Payments

The following table estimates the value of the payments and benefits that each of our Named Executive Officers would receive if his or her employment terminated or a change of control occurred on October 30, 2015 (the last business day of Fiscal 2015) under the circumstances shown and making the following assumptions. The table excludes (i) amounts accrued through Fiscal 2015 year-end that would be paid in the normal course of continued employment, such as accrued but unpaid salary, (ii) benefits generally available to all of our salaried employees, and (iii) stock options with a strike price below the closing stock price on October 30, 2015.

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The amounts reflected for the acceleration of the FY 2015 Awards assume that these awards would be settled at target levels. The costs of benefit continuation have been estimated at NCI's cost. The amounts disclosed assume that the price of our Common Stock was \$10.46, which was the closing price of our stock on October 30, 2015. Therefore, such amounts and disclosures should be considered "forward looking statements." For Mr. Dobbins and Mr. Robeson, whose terminations actually occurred prior to October 30, 2015, their actual entitlements (including amounts paid in Fiscal 2015 and to be paid in Fiscal 2016) are shown in the table. As noted in the narrative above, the amounts in the row entitled "CIC Severance" for Messrs. Chambers, Johnson and Moore would be payable only upon a termination of employment without cause or for good reason following a change in control.

| Name         | Benefit                                  | Change of Control (\$) | Termination for Cause (\$) | Termination Cause or by Executive for Good Reason (\$) | Termination Without Cause by Executive Without Good Reason (\$) | Disability (\$) | Retirement (\$) | Death (\$) |
|--------------|--|------------------------|----------------------------|--|---|-----------------|-----------------|------------|
| Mr. Chambers | Non-CIC Severance                        | —                      | None                       | 2,527,287  | None  | 832,553         | None            | 832,553    |
|              | Accelerated RSU Vesting                  | 548,711                | None                       | 548,711  | None  | 548,711         | None            | 548,711    |
|              | Accelerated Stock Vesting                | 620,404                | None                       | 620,404  | None  | 620,404         | None            | 620,404    |
|              | Accelerated FY 2015 Awards Vesting (PSU) | 1,646,111              | None                       | 823,056  | None  | 301,614         | None            | 301,614    |
|              | Life Insurance                           | None                   | None                       | None   | None  | None            | None            | 100,000    |
|              | CIC Severance                            | None                   | None                       | 1,657,553  | None  | None            | None            | None       |
|              | Non-CIC Severance                        | —                      | None                       | 458,520  | None  | None            | None            | None       |
|              | Accelerated Stock Vesting                | 373,317                | None                       | None   | None  | 373,317         | None            | 373,317    |
|              | Accelerated Option Vesting               | None                   | None                       | None   | None  | None            | None            | None       |
| Mr. Riley    | Accelerated FY 2015 Awards Vesting (PSU) | 427,981                | None                       | 78,414   | None  | 78,414          | None            | 78,414     |
|              | Life Insurance                           | None                   | None                       | None   | None  | None            | None            | 100,000    |
|              | CIC Severance                            | None                   | None                       | None   | None  | None            | None            | None       |
|              | Non-CIC Severance                        | —                      | None                       | None   | None  | None            | None            | None       |
|              | Accelerated Stock Vesting                | 263,634                | None                       | None   | None  | 263,634         | None            | 263,634    |
| Mr. Johnson  | Accelerated Option Vesting               | None                   | None                       | None   | None  | None            | None            | None       |
|              | Accelerated FY 2015 Awards Vesting (PSU) | 559,673                | None                       | 102,544  | None  | 102,544         | None            | 102,544    |
|              | Life Insurance                           | None                   | None                       | None   | None  | None            | None            | 100,000    |
|              | CIC Severance                            | None                   | None                       | 855,350  | None  | None            | None            | None       |
|              | —  | —                      | None                       | 334,338  | None  | None            | None            | None       |

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|                            |                            |                            |      |         |       |         |      |         |     |
|----------------------------|----------------------------|----------------------------|------|---------|-------|---------|------|---------|-----|
| Ms.<br>Theroux             | Non-CIC Severance          |                            |      |         |       |         |      |         |     |
|                            | Accelerated Stock Vesting  | 145,331                    | None | None    | None  | 145,331 | None | 145,331 |     |
|                            | Accelerated Option Vesting | None                       | None | None    | None  | None    | None | None    |     |
|                            | Accelerated FY 2015 Awards | 197,527                    | None | 36,192  | None  | 36,192  | None | 36,192  |     |
|                            | Vesting (PSU)              |                            |      |         |       |         |      |         |     |
|                            | Life Insurance             | None                       | None | None    | None  | None    | None | 100,000 |     |
|                            | CIC Severance              | None                       | None | None    | None  | None    | None | None    |     |
|                            | Non-CIC Severance          | —                          | None | None    | None  | None    | None | None    |     |
|                            | Accelerated Stock Vesting  | 122,769                    | None | None    | None  | 122,769 | None | 122,769 |     |
|                            | Mr. Moore                  | Accelerated Option Vesting | 241  | None    | 241   | None    | 241  | None    | 241 |
| Accelerated FY 2015 Awards |                            | 246,919                    | None | 45,241  | None  | 45,241  | None | 45,241  |     |
| Vesting (PSU)              |                            |                            |      |         |       |         |      |         |     |
| Life Insurance             |                            | None                       | None | None    | None  | None    | None | 100,000 |     |
| CIC Severance              |                            | None                       | None | 708,869 | None  | None    | None | None    |     |
| Non-CIC Severance          |                            | —                          | N/A  | 506,762 | N/A   | N/A     | N/A  | N/A     |     |
| Accelerated Stock Vesting  |                            | N/A                        | N/A  | None    | N/A   | N/A     | N/A  | N/A     |     |
| Mr. Robeson                |                            | Accelerated Option Vesting | N/A  | N/A     | 4,813 | N/A     | N/A  | N/A     | N/A |
|                            |                            | Accelerated FY 2015 Awards | N/A  | N/A     | None  | N/A     | N/A  | N/A     | N/A |
|                            |                            | Vesting                    |      |         |       |         |      |         |     |
|                            | Life Insurance             | N/A                        | N/A  | None    | N/A   | N/A     | N/A  | N/A     |     |
|                            | CIC Severance              | N/A                        | N/A  | None    | N/A   | N/A     | N/A  | N/A     |     |
|                            | Non-CIC Severance          | —                          | N/A  | 505,625 | N/A   | N/A     | N/A  | N/A     |     |
|                            | Accelerated Stock Vesting  | N/A                        | N/A  | 143,625 | N/A   | N/A     | N/A  | N/A     |     |
|                            | Mr. Dobbins                | Accelerated Option Vesting | N/A  | N/A     | None  | N/A     | N/A  | N/A     | N/A |
|                            |                            | Accelerated FY 2015 Awards | N/A  | N/A     | None  | N/A     | N/A  | N/A     | N/A |
|                            |                            | Vesting                    |      |         |       |         |      |         |     |
| Life Insurance             |                            | N/A                        | N/A  | None    | N/A   | N/A     | N/A  | N/A     |     |
| CIC Severance              |                            | N/A                        | N/A  | None    | N/A   | N/A     | N/A  | N/A     |     |

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## Compensation of Directors

Directors of NCI who are also employees of NCI do not receive compensation for their service as directors. Through Fiscal 2015, in addition to reimbursing our non-employee directors for the expenses incurred to attend and/or participate in meetings, we paid non-employee directors the following amounts:

|   |           |
|---|-----------|
| Annual Retainer Fee   | \$ 35,000 |
| Board Meeting Fee   | \$ 3,000  |
| Committee Meeting Fee (in the absence of Board meeting on the same day)   | \$ 1,500  |
| Executive Committee Fee (in the absence of Board meeting on the same day) | \$ 750    |
| Chairman of Audit Committee   | \$ 15,000 |
| Chair of Nominating and Corporate Governance Committee                    | \$ 10,000 |
| Chair of Compensation Committee   | \$ 10,000 |

In addition, through Fiscal 2015, each non-employee director received a grant of restricted stock and/or stock options under the Incentive Plan having an aggregate fair market value of \$60,000 on December 15 of each year, provided that the non-employee director has served as a director for at least six months. Upon initial election to the Board, new directors receive a grant of 300 shares of restricted stock. The stock awards generally vest ratably over a four-year period, subject to accelerated vesting upon the occurrence of certain specified events. These certain specified events include (1) the grantee's death during the grantee's continuous service, (2) the grantee's disability during the grantee's continuous service, (3) the grantee's inability to stand for re-election due to age limitations set forth in our By-Laws and corporate governance guidelines, during continuous service, (4) the grantee's failure to be nominated for re-election or failure to be re-elected if the grantee remains in continuous service until the expiration of his or her term, and (5) upon a change of control.

Messrs. Berges, Sleeper and Zrebiec have assigned all of the compensation each would receive for his services as a director, including any shares of restricted stock, to CD&R, LLC. In the same manner as our other directors, Mr. Berges received reimbursement for travel and other out-of-pocket expenses incurred in connection with his functions and duties as a director, except that Mr. Berges is also entitled to reimbursement of up to \$150,000 in the aggregate per calendar year for actual air travel expenses for NCI-related purposes on our corporate aircraft in lieu of reimbursement based on the cost of commercial air travel.

On August 18, 2015, NCI's non-employee director compensation policy was modified. Beginning in Fiscal 2016, in addition to reimbursing our non-employee directors for the expenses incurred to attend and/or participate in meetings, we pay non-employee directors the following amounts:

|   |           |
|---|-----------|
| Annual Retainer Fee   | \$ 50,000 |
| Board Meeting Fee   | \$ 3,000  |
| Committee Meeting Fee   | \$ 1,500  |
| Executive Committee Fee (in the absence of Board meeting on the same day) | \$ 750    |
| Chairman of Audit Committee   | \$ 15,000 |
| Chair of Nominating and Corporate Governance Committee                    | \$ 10,000 |
| Chair of Compensation Committee   | \$ 12,500 |

In addition, beginning in Fiscal 2016, each non-employee director receives a grant of restricted stock units and/or stock options under the Incentive Plan having an aggregate fair market value of \$80,000 on December 15 of each year. These restricted stock units generally vest over a one-year period of service, subject to the same acceleration provisions as applied to the restricted stock awards. Finally, effective beginning in Fiscal 2016, upon initial election to the Board, new directors will no longer receive a grant of 300 shares of restricted stock. All other aspects of NCI's

non-employee director compensation policy remain unchanged.

Director Compensation Table

The following table provides information concerning the compensation of our non-employee directors for Fiscal 2015.

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| Name                | Fees Earned or Paid in Cash <sup>(a)(b)</sup> (\$) | Stock Awards <sup>(c)</sup> (\$) | Option Awards <sup>(c)</sup> (\$) | All Other Compensation (\$) | Total (\$) |
|---------------------|--|----------------------------------|-----------------------------------|-----------------------------|------------|
| Kathleen J. Affeldt | 57,750   | 60,001                           | —                                 | —                           | 117,751    |
| George L. Ball      | 52,250   | 60,001                           | —                                 | —                           | 112,251    |
| James G. Berges     | 56,250   | 60,001                           | —                                 | —                           | 116,251    |
| Gary L. Forbes      | 65,750   | —                                | 55,599                            | —                           | 121,349    |
| John J. Holland     | 49,250   | 30,009                           | 27,796                            | —                           | 107,055    |
| Lawrence J. Kremer  | 45,500   | 60,001                           | —                                 | —                           | 105,501    |
| George Martinez     | 50,000   | 60,001                           | —                                 | —                           | 110,001    |
| Nathan K. Sleeper   | 47,750   | 60,001                           | —                                 | —                           | 107,751    |
| Jonathan L. Zrebiec | 45,500   | 60,001                           | —                                 | —                           | 105,501    |

(a) Includes annual retainer fees, supplemental retainer fees for Committee Chairmen, Board meeting fees and Committee meeting fees for each non-employee director as more fully explained in the preceding paragraphs.

(b) represents amounts paid to CD&R, LLC, as assignee of compensation payable to those directors, each of whom is an employee or partner of CD&R, LLC.

The amounts reported in the “Stock Awards” and “Option Awards” columns reflect the aggregate grant date fair value of the awards granted under our Incentive Plan in Fiscal 2015, computed in accordance with FASB ASC Topic 718. See Note 8 of the consolidated financial statements in NCI’s Annual Report on Form 10-K for the fiscal year ended November 1, 2015 for additional detail regarding assumptions underlying the valuation of equity awards. As of November 1, 2015, the non-employee directors held the following outstanding restricted stock awards and stock options: (i) Ms. Affeldt (3,515 restricted shares and no stock options), (ii) Mr. Forbes (no restricted shares and 7,029 stock options), (iii) Mr. Holland (1,758 restricted shares and 3,514 stock options), (iv) Mr. Kremer (3,515 restricted shares and no stock options), (v) Mr. Martinez (3,515 restricted shares and no stock options), and (vi) Mr. Ball (3,515 restricted shares and no stock options). Amounts reported for each of Messrs. Berges, Sleeper, and Zrebiec represent grants of restricted Common Stock issued to CD&R, LLC, as assignee of compensation payable to those directors, each of whom is an employee or partner of CD&R, LLC. These figures do not include restricted stock units or options granted to the non-employee directors on December 15, 2015. Stock options figures include total exercisable and non-exercisable options.

**BOARD OF DIRECTORS****Independence and Meetings**

As of the date of this proxy statement, Clayton, Dubilier & Rice Fund VIII, L.P. and CD&R Friends & Family Fund VIII, L.P. together own over 50% of our outstanding voting power, and we are therefore considered a “controlled company,” within the meaning in the NYSE Listed Company Manual. Accordingly, effective as of the closing of the Equity Investment, we took all corporate action and filed all election notices and other documentation with the NYSE necessary to elect to qualify for the exemptions to the requirements of sections 303A.01, 303A.04 and 303A.05 of the NYSE Listed Company Manual. As long as we qualify for those exemptions, we will not be subject to the requirements that NYSE listed companies have (1) a majority of independent directors, (2) a nominating/corporate governance committee and a compensation committee, in each case, composed entirely of independent directors, and (3) charters for the nominating/corporate governance committee and the compensation committee, in each case, addressing certain specified matters. Pursuant to the Stockholders Agreement, we have agreed to use our reasonable best efforts to elect these exemptions for so long as we qualify for them.

Our Board determined, after considering all of the relevant facts and circumstances, that Ms. Affeldt, Mr. Ball, Mr. Espe, Mr. Forbes, Mr. Holland, Mr. Kremer and Mr. Martinez are independent from our management, as “independence” is defined by the rules and regulations of the SEC and the listing standards of the NYSE. This means that none of the independent directors had any direct or indirect material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us. In determining that Mr. Kremer is independent, our Board considered an additional director’s fee of \$2,500 payable to Mr. Kremer each quarter during Fiscal 2016 to provide consultation services to our Board and the Company for its supply chain management procedures. For a description of transactions between us and certain members of our Board, please see “Transactions with Related Persons — CD&R Transactions.”



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Our Board met four times during the fiscal year ended November 1, 2015. Each of our directors attended 75% or more of the aggregate of the total number of meetings of our Board of Directors held during the period in which he or she was a director and the total number of meetings held by all board committees on which he or she served during the periods that he or she served. It is our policy to schedule a meeting of our Board of Directors on the date of the Annual Meeting, and we encourage all of our directors to attend both meetings. All of our then-current directors attended last year's Annual Meeting.

Our non-management directors meet without the presence of management at regularly scheduled executive sessions. These executive sessions typically occur before or after regularly scheduled meetings of our Board of Directors. The presiding director of these executive sessions is the Chairman of the Nominating and Corporate Governance Committee, if such person is an independent director; otherwise, the Chairman of the Audit Committee serves as presiding director. For information on how you can communicate with our non-management directors, please see "Communications with Our Board."

## Board Committees

Our Board has five standing committees – the Executive Committee, the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Affiliate Transactions Committee. Below is a table disclosing board and committee appointments during our Fiscal 2015 (and also includes Matthew J. Espe, who was appointed as a director at the beginning of Fiscal 2016 on November 13, 2015).

## BOARD AND COMMITTEE APPOINTMENTS

| Name                           | Board    | Class | Expiration          | Audit  | Compensation | Nominating & Corporate Governance | Executive | Affiliate Transactions <sup>(c)</sup> |
|--------------------------------|----------|-------|---------------------|--------|--------------|-----------------------------------|-----------|---------------------------------------|
| Kathleen J. Affeldt            | Member   | III   | 2017                |        | Chair        |                                   |           |                                       |
| George L. Ball                 | Member   | III   | 2017                | Member | Member       |                                   |           |                                       |
| James G. Berges                | Member   | I     | 2018                |        |              | Chair                             | Chair     |                                       |
| Norman C. Chambers             | Chairman | III   | 2017                |        |              |                                   | Member    |                                       |
| Matthew J. Espe <sup>(a)</sup> | Member   | I     | 2018                |        | Member       |                                   |           | Member                                |
| Gary L. Forbes                 | Member   | II    | 2019 <sup>(b)</sup> | Chair  |              | Member                            | Member    | Member                                |
| John J. Holland                | Member   | I     | 2018                | Member | Member       |                                   |           | Member                                |
| Lawrence J. Kremer             | Member   | I     | 2018                |        |              | Member                            |           |                                       |
| George Martinez                | Member   | II    | 2019 <sup>(b)</sup> | Member |              |                                   |           | Member                                |
| Nathan K. Sleeper              | Member   | III   | 2017                |        | Member       | Member                            | Member    |                                       |
| Jonathan L. Zrebiec            | Member   | II    | 2019 <sup>(b)</sup> |        |              |                                   |           |                                       |

Mr. Espe was appointed to our Board as well as to the Compensation Committee and the Affiliate Transactions Committee on November 13, 2015. Mr. Espe was not a member of our Board or either the Compensation Committee and the Affiliate Transactions Committee during Fiscal 2015.

- (b) Messrs. Forbes, Martinez and Zrebiec are Class II directors. The Class II directors are to be elected at the Annual Meeting for a term expiring at the Annual Meeting to be held in 2019.
- (c) No chair exists for the Affiliate Transactions Committee.

#### Executive Committee

The Executive Committee is generally authorized to act on behalf of our Board between scheduled meetings of our Board of Directors, except as provided by the Stockholders Agreement and by our By-Laws, to the fullest extent permitted by Delaware corporate law. However, the Executive Committee does not have the authority to approve amendments to our charter or By-Laws or specified extraordinary corporate transactions. The Executive Committee operates under a charter adopted by our Board of Directors, a copy of which is available on our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading "About NCI — Committees & Charters."

As of the end of Fiscal 2015, the members of the Executive Committee were Mr. Berges, Mr. Chambers, Mr. Forbes, and Mr. Sleeper, with Mr. Berges serving as Chairman. The Executive Committee met one time during the fiscal year ended November 1, 2015.

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### Audit Committee

The Audit Committee assists our Board in fulfilling its responsibilities relating to our corporate accounting and reporting practices and the quality and integrity of our financial reports. The Audit Committee assists the Board in monitoring the integrity of our financial statements, the independence, qualifications and performance of our independent auditors; the performance of our internal audit function, our compliance with legal and regulatory requirements, and the preparation of our Audit Committee's report included in our proxy statements. In discharging its duties, our Audit Committee has the authority to retain independent legal, accounting and other advisors and has the sole authority to appoint, retain, replace or terminate the independent auditor.

As of the end of Fiscal 2015, the members of the Audit Committee were Mr. Ball, Mr. Forbes, Mr. Holland and Mr. Martinez, with Mr. Forbes serving as Chairman. The Audit Committee met five times during the fiscal year ended November 1, 2015.

The Audit Committee is composed solely of directors who are not our officers or employees, have the requisite financial literacy to serve on the Audit Committee, as determined by our Board of Directors, and whom our Board of Directors has determined are "independent" under the listing standards of the NYSE and the rules and regulations of the SEC.

Our Board of Directors, after reviewing all of the relevant facts, circumstances and attributes, has determined that Mr. Forbes, the Chairman of our Audit Committee, is an "audit committee financial expert" as defined by Item 407(d)(5)(ii) of Regulation S-K.

The Audit Committee operates under a written Audit Committee Charter adopted by our Board of Directors, a copy of which is available on our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading "About NCI — Committees & Charters."

### Compensation Committee

The Compensation Committee assists our Board in fulfilling its responsibilities relating to our compensation practices. The Compensation Committee discharges the Board's responsibilities relating to compensation of directors, officers and senior managers, oversees, evaluates, and advises our Board regarding NCI's overall compensation policies and structure, including benefit plans and programs, prepares reports on executive compensation required for inclusion in our proxy statements and discusses these reports with our management. The Compensation Committee is permitted to delegate its authority on all matters for which it is responsible to subcommittees consisting of one or more members. The Compensation Committee met seven times during the fiscal year ended November 1, 2015.

As of the end of Fiscal 2015, the members of the Compensation Committee were Ms. Affeldt, Mr. Ball, Mr. Holland and Mr. Sleeper, with Ms. Affeldt serving as Chairperson. The Compensation Committee is composed solely of directors who are not our officers or employees. Mr. Espe joined the Compensation Committee at the beginning of Fiscal 2016 on November 13, 2015. The current members of the Compensation Committee are Ms. Affeldt, Mr. Ball, Mr. Espe, Mr. Holland and Mr. Sleeper, with Ms. Affeldt serving as Chairperson.

The Compensation Committee operates under a Compensation Committee Charter adopted by our Board, a copy of which is available on our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading "About NCI — Committees & Charters."

### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible, subject to and in accordance with the Stockholders Agreement, for identifying or assisting in the identification of, and recommending qualified candidates to serve on our Board and, subject to and in accordance with the Stockholders Agreement, recommending to our Board the director nominees to be elected by our stockholders at each annual or special meeting. In addition, the Nominating and Corporate Governance Committee is responsible for developing and advising our Board with respect to guidelines for the governance of NCI, including monitoring compliance with those guidelines, as well as overseeing succession planning and the evaluation and review of the performance of our Board. As of the end of Fiscal 2015, the members of the Nominating and Corporate Governance Committee were Mr. Berges, Mr. Forbes, Mr. Kremer and Mr. Sleeper, with Mr. Berges serving as Chairman. The Nominating and Corporate Governance Committee met two times during the fiscal year ended November 1, 2015.

The Nominating and Corporate Governance Committee operates under a Nominating and Corporate Governance Committee Charter adopted by our Board, a copy of which is available on our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading “About NCI — Committees & Charters.” Our Corporate Governance Guidelines adopted by our Board, a copy of which is available at our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading “About NCI — Committees & Charters,” include the criteria our Board believes are important in the selection of director nominees.

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Pursuant to and in accordance with the Stockholders Agreement, for so long as the Investors hold voting power equal in the aggregate to at least 10% of the aggregate voting power held by the Investors immediately following the closing of the Equity Investment, the Investors are entitled to nominate or designate to serve on our Board a number of individuals proportionate to the Investors' percentage of the voting power of the company at the relevant time (and to nominate or designate the replacements for such directors). At each annual meeting or special meeting of stockholders at which any directors of NCI are to be elected, we will take all corporate and other actions necessary to cause the applicable Investors' nominees or designees to be nominated for election to our Board and we will solicit proxies in favor of the election of such nominees or designees to be elected at such meeting.

Further, pursuant to and in accordance with the Stockholders Agreement, for so long as stockholders unaffiliated with the Investors own in the aggregate at least 5% of the voting power of NCI, our Board will include (i) at least two directors who will not be appointed or designated by the Investors and will be independent of both the Investors and NCI (the "Unaffiliated Shareholder Directors"), and (ii) the Chief Executive Officer of NCI. One Unaffiliated Shareholder Director will sit on each committee of our Board, except for the Affiliate Transactions Committee, whose members include two members who are Unaffiliated Shareholder Directors.

In identifying and evaluating nominees for director other than directors appointed by the Investors pursuant to the Stockholders Agreement, the Nominating and Corporate Governance Committee first looks at the overall size and structure of our Board to determine the need to add or remove directors and to determine if there are any specific qualities or skills that would complement the existing strengths of our Board.

The Board codified standards for directors in the Board's Corporate Governance Guidelines and Nominating and Corporate Governance Committee Charter. The Corporate Governance Guidelines provide that our Board of Directors should encompass a diverse range of talent, skill and expertise sufficient to provide sound and prudent guidance with respect to our operations and interests. The Corporate Governance Guidelines also provide that at all times a majority of the Board must be "independent directors" as defined from time to time by the listing requirements of the NYSE and any specific requirements established by the Board. Each director also is expected to:

- exhibit high personal and professional ethics, strength of character, integrity, and values;
- possess commitment and independence of thought and judgment;
- possess education, experience, intelligence, independence, fairness, practical wisdom and vision to exercise sound, mature judgments;
- use his or her skills and experiences to provide independent oversight of our business;
- possess personality, tact, sensitivity, and perspective to participate in deliberations in a constructive and collegial manner;
- be willing to devote sufficient time to carrying out his or her duties and responsibilities effectively;
- devote the time and effort necessary to learn our business; and
- represent the long-term interests of all stockholders.

In addition, our Board has determined that the Board as a whole must have the right diversity, mix of characteristics and skills for the optimal functioning of its oversight of NCI. To that end, our Board places a premium on its members' professional experience in positions such as a senior manager, chief operations officer, chief financial officer, or chief executive officer of a relatively complex organization such as a corporation, university, or foundation. Ultimately, our Board believes it should be comprised of persons with skills in areas that may include some of the following: finance; manufacturing; sales and markets; strategic planning; development of strategies for sustainability; human resources; safety; legal; international business; and information technology. The age at the time of election of any nominee for director should be such to assure a minimum of three years of service as a director.

In addition to the targeted skill areas, the Nominating and Corporate Governance Committee looks for a strong record of achievement in key knowledge areas that it believes are critical for directors to add value to our Board, including:

• Strategy — knowledge of our business model, the formulation of corporate strategies, and knowledge of key competitors and global markets;

• Leadership — skills in coaching senior executives and the ability to assist the CEO in his development;

• Organizational Issues — understanding of strategy implementation, change management processes, group effectiveness, and organizational design;

• Relationships — understanding how to interact with customers, vendors, governments, investors, financial analysts, and communities in which we operate;

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- Functional — understanding of financial matters, financial statements and auditing procedures, legal issues, information technology, and marketing; and
- Ethics — the ability to identify and raise key ethical issues concerning our activities and senior management as they affect the business community and society.

As part of its periodic self-assessment process, our Board annually determines the diversity of specific skills and experiences necessary for the optimal functioning of our Board in its oversight of NCI over both the short and long term.

The Corporate Governance Guidelines state our policy regarding the director selection process that requires the Nominating and Corporate Governance Committee to review the skills and characteristics that the Board seeks in its members individually and in relation to the composition of our Board as a whole. As part of this process, the Board will assess the skill areas currently represented on our Board and those skill areas represented by directors expected to retire or leave our Board in the near future against the target skill areas established annually by our Board, as well as recommendations of directors regarding skills that could improve the overall quality and ability of our Board to carry out its function.

The Nominating and Corporate Governance Committee then establishes the specific target skill areas, characteristics or experiences that are to be the focus of a director search, if necessary. Specific qualities or experiences could include matters such as experience in our industry, financial or technological expertise, experience in situations comparable to ours (e.g., growth companies, companies that have grown through acquisitions, or companies that have restructured their organizations successfully), leadership experience and relevant geographical experience. The Board's current composition reflects diversity in skills and experiences.

The Nominating and Corporate Governance Committee uses multiple sources for identifying and evaluating nominees for directors other than directors appointed by the Investors pursuant to the Stockholders Agreement, including referrals from our current directors and management, as well as input from third-party executive search firms. The Chairman of the Nominating and Corporate Governance Committee and our Chairman of the Board will then interview qualified candidates. Qualified candidates are then invited to meet the remaining members of the Nominating and Corporate Governance Committee. The remaining directors also have an opportunity to meet and interview qualified candidates. The Nominating and Corporate Governance Committee then determines, based on the background information and the information obtained in the interviews, whether to recommend to the Board that a candidate be nominated to our Board.

The Nominating and Corporate Governance Committee will consider qualified nominees recommended by stockholders. Stockholders may submit recommendations to the Nominating and Corporate Governance Committee in care of our Chairman of the Board and Corporate Secretary at our address set forth on page one of this proxy statement in the form and timing provided in our By-Laws. Subject to the requirements of the Stockholders Agreement described above, nominees for director who are recommended by our stockholders will be evaluated in the same manner as any other nominee for director.

Nominations by stockholders for seats on the Board not required to be filled by the Investors' designees may also be made at an annual meeting of stockholders in the manner provided in our By-Laws. Our By-Laws provide that a stockholder entitled to vote for the election of directors may make nominations of persons for election to our Board at a meeting of stockholders by complying with required notice procedures. To be timely, nominations must be received at our principal executive offices not later than the close of business on the 90<sup>th</sup> day nor earlier than the close of business on the 120<sup>th</sup> day prior to the first anniversary of the preceding year's annual meeting. If, however, the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by the stockholder must be delivered not earlier than the close of business on the 120<sup>th</sup> day prior to the annual meeting and

not later than the close of business on the later of the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which the public announcement of the date of such meeting is first made by us.

The notice must specify:

as to each person the stockholder proposes to nominate for election or re-election as a director:

~~the~~ name, age, business address and residence address of the person;

~~the~~ principal occupation or employment of the person;

~~the~~ class and number of shares of our capital stock that are owned of record or beneficially by the person on the date of the notice; and

any other information relating to the person that is required to be disclosed in solicitations for proxies with respect to nominees for election as directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and



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as to the stockholder giving the notice:

the name and record address of the stockholder and any other stockholder known by that stockholder to be supporting the nominee; and

the class and number of shares of our capital stock that are owned of record or beneficially by the stockholder making the nomination and by any other supporting stockholders.

We may require that the proposed nominee furnish us with other information as we may reasonably request to assist us in determining the eligibility of the proposed nominee to serve as a director. At any meeting of stockholders, the presiding officer may disregard the purported nomination of any person not made in compliance with these procedures.

### Affiliate Transactions Committee

The Affiliate Transactions Committee is responsible for reviewing, considering and approving certain transactions between NCI and its controlled affiliates, on the one hand, and the Investors and their affiliates, on the other hand. This committee is made up of at least two directors unaffiliated with the Investors and with NCI, and one director designated by the Investors who is “independent” within the meaning of the NYSE listing manual and has no material relationship with the Investors or their affiliates. As of the end of Fiscal 2015, the members of the Affiliate Transactions Committee were Mr. Forbes, Mr. Holland and Mr. Martinez. The Affiliate Transactions Committee did not meet during the fiscal year ended November 1, 2015. Mr. Espe joined the Affiliate Transactions Committee at the beginning of Fiscal 2016 on November 13, 2015. The current members of the Affiliate Transactions Committee are Mr. Espe, Mr. Forbes, Mr. Holland and Mr. Martinez.

The Affiliate Transactions Committee operates under an Affiliate Transactions Committee Charter adopted by our Board of Directors, a copy of which is available on our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading “About NCI — Committees & Charters.”

### CORPORATE GOVERNANCE

Our Board has adopted Corporate Governance Guidelines to address significant corporate governance issues. A copy of these guidelines is available at our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading “About NCI — Committees & Charters.” These guidelines provide a framework for our corporate governance initiatives and cover topics including, but not limited to, director qualification and responsibilities, Board composition, director compensation and management and succession planning. The Nominating and Corporate Governance Committee is responsible for overseeing and reviewing the guidelines and reporting and recommending to our Board any changes to the guidelines. You may obtain copies of the charters for our Audit Committee, Compensation Committee, Executive Committee, Affiliate Transactions Committee and our Nominating and Corporate Governance Committee, and our Corporate Governance Guidelines, free of charge, from our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading “About NCI — Committees & Charters” or by writing to us at NCI Building Systems, Inc., 10943 North Sam Houston Parkway West, Houston, Texas 77064, Attention: Investor Relations.

Our Board has adopted a Code of Business Conduct and Ethics, which is designed to help officers, directors and employees resolve ethical issues in an increasingly complex business environment. The Code of Business Conduct and Ethics is applicable to all of our officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions.

The Code of Business Conduct and Ethics covers topics, including but not limited to, conflicts of interest, confidentiality of information and compliance with laws and regulations. The Code of Business Conduct and Ethics also provides that our directors who are employed by CD&R, LLC or any other affiliate of the Investors will not be

deemed in violation of our Code of Business Conduct and Ethics as a result of any investment by the Investors, insofar as such investment, affiliate transaction and information access is not prohibited under the terms of the Stockholders Agreement and is otherwise in accordance with NCI's Certificate of Incorporation, By-Laws and the laws of the State of Delaware.

Our Code of Business Conduct and Ethics is available, free of charge, on our website, along with other corporate governance information, at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) under the heading "About NCI — Committees & Charters." You may also obtain a copy by writing to Investor Relations Administrator at the address above.

Waivers from our Code of Business Conduct and Ethics are discouraged, and any waivers from the Code of Business Conduct and Ethics that relate to our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions or any other executive officer or director must be approved by our Nominating and Corporate

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Governance Committee, which is composed solely of directors whom we believe are independent of management, and will be disclosed to the fullest extent as required by law and will be posted on our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) within four business days of any such waiver.

### The Board's Role in Risk Oversight

One of the Board's functions is oversight of risk management at NCI. NCI recognizes that certain risks are inherent in the operation of an integrated manufacturer of metal buildings and metal building components. The Board and management consider "risk" for these purposes to be the possibility that an undesired event could occur that creates losses or adversely interferes with opportunity gains.

Management is responsible for the day-to-day management of the risks we face, while the Board, as a whole but primarily through the Audit Committee, oversees and reviews certain aspects of our risk management efforts. Specific risk management activities performed by management include: identifying and prioritizing risk and risk controls related to significant business activities; monitoring the emergence and onset of certain key risks; and reviewing and determining the sufficiency of risk identification, the balance of potential risk to potential reward, the appropriate manner in which to control risk, and the support of the programs discussed below and their risk to company strategy. The Board implements its risk oversight responsibilities by having management provide periodic briefing and informational sessions on the significant voluntary and involuntary risks that the company faces and how the company is seeking to control risk if and when appropriate. In most cases the Audit Committee of the Board oversees issues related to internal control over financial reporting and the Compensation Committee oversees risks related to compensation programs, as discussed in greater detail herein. Presentations and other information for the Board and Board committees generally identify and discuss relevant risk and risk control; and the Board members assess and oversee the risks as a part of their review of the related business, financial, or other activity of the company.

### Risk Analysis of Our Compensation Plans

The Compensation Committee has reviewed our compensation policies as generally applicable to our employees and believes that our policies do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on NCI.

In Fiscal 2015, members of our management team conducted an assessment of the risks arising from our compensation policies and practices. The team reviewed and discussed the design features, characteristics, performance metrics at the company and segment levels and approval mechanisms of total compensation for all employees, including salaries, incentive plans, sales incentives, stock options, performance share units and restricted stock awards, to determine whether any of these policies or programs could create risks that are reasonably likely to have a material adverse effect on us.

Our compensation philosophy and culture support the use of base salary, performance-based compensation, and retirement plans that are generally uniform in design and operation throughout NCI and with all levels of employees. These compensation policies and practices are centrally designed and administered, and are substantially identical between our business divisions. Field sales personnel are paid primarily on a sales commission basis, but all of our officers are paid under the programs and plans for non-sales employees. In addition, the following specific factors, in particular, reduce the likelihood of excessive risk-taking:

• Our overall compensation levels are competitive with the market.

• Our compensation mix is balanced among (i) fixed components like salary and benefits, (ii) annual incentives that reward our overall financial performance, business unit financial performance, operational measures and individual performance, and (iii) a portfolio approach for stock awards, primarily consisting of a mix of service-based and performance-based equity awards.

An important portion of our executive compensation for our NEOs is tied to how our stock price performs over a period of multiple years. For years prior to Fiscal 2012, we tied performance to stock price by granting restricted stock awards generally vesting evenly over four years and stock options also vesting over a period of four years and having terms of ten years. As described in “Compensation Discussion & Analysis” above, since Fiscal 2012 we have granted our NEOs performance-vesting equity awards that vest only based on sustained satisfaction of performance metrics through the end of the specified multi-year performance period. This minimizes the benefit of a temporary spike in stock price and the possibility that an executive would be motivated to create short-term gain in the stock price without regard to long-term performance. We performed a similar (but more limited) analysis as described above in Fiscal 2014 with respect to performance share units as a compensation tool, and we believe that the performance share unit awards (including those granted to our key employees and NEOs in December 2014) further support the incentive for sustained, multi-year performance.

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The Compensation Committee has discretion to adjust performance-based awards when it determines that such adjustments would be appropriate based on our interests and the interests of our stockholders. Any additions or changes to stock awards or bonus levels must be approved by NCI's Vice President, Chief Human Resources Officer, as well as senior management. Executive officers are subject to certain holding requirements and our Insider Trading Policy.

In summary, although a significant portion of the compensation provided to Named Executive Officers is performance-based, we believe our compensation programs do not encourage excessive and unnecessary risk taking by executive officers (or other employees) because these programs are designed to encourage employees to remain focused on both our short- and long-term operational and financial goals. We set performance goals that we believe are reasonable in light of our past performance and market conditions. Historic restricted stock and stock option awards are subject to time-based vesting conditions, which retain value even in a depressed market, and performance share unit awards are subject to vesting based on sustained increases in stock price or satisfaction of other performance metrics over performance periods longer than a single year, and so executives are less likely to take unreasonable risks. With respect to our historic annual equity grants under the Incentive Plan, which included a fixed and variable component, assuming achievement of at least a minimum level of performance, payouts resulted in some compensation at levels below full target achievement, in lieu of an "all or nothing" approach.

Based on these considerations, the Compensation Committee determined that any risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on us.

## LEADERSHIP STRUCTURE OF THE BOARD

Our Board currently combines the role of chairman of the board with the role of chief executive officer, coupled with a presiding director position to further strengthen the governance structure. The Board believes this provides an efficient and effective leadership model for NCI. Combining the chairman and CEO roles fosters clear accountability, effective decision-making, and alignment on corporate strategy.

To assure effective independent oversight, the Board has adopted a number of governance practices, including:

- a strong, independent, clearly-defined presiding director role (see below for a full description of the role);
- the opportunity for executive sessions of the independent directors after every Board meeting; and
- annual performance evaluations of the chairman and CEO by the independent directors.

However, no single leadership model is right for all companies and at all times. The Board recognizes that, depending on the circumstances, other leadership models, such as a separate independent chairman of the board, might be appropriate. Accordingly, the Board periodically reviews its leadership structure.

The presiding director recommends to the Board an appropriate process by which a new chairman and chief executive officer will be selected. The Board has no required procedure for executing this responsibility because it believes that the most appropriate process will depend on the circumstances surrounding each such decision.

A key responsibility of the CEO and our Board of Directors is ensuring that an effective process is in place to provide continuity of leadership over the long term at all levels in NCI. Each year, succession planning reviews are held at every significant organizational level of NCI, culminating in a full review of senior leadership talent by the independent directors. During this review, the CEO and the independent directors discuss future candidates for senior leadership positions, succession timing for those positions, and development plans for the highest-potential candidates. This process ensures continuity of leadership over the long term, and it forms the basis on which we make ongoing leadership assignments. It is a key success factor in managing the long planning and investment lead times of our business.

In addition, the CEO maintains in place at all times, and reviews with the independent directors, a confidential plan for the timely and efficient transfer of his or her responsibilities in the event of an emergency or his or her sudden incapacitation or departure.

#### COMMUNICATIONS WITH OUR BOARD

Any stockholder or interested party who wishes to communicate with our Board or any specific directors, including non-management and independent directors, may write to:

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Board of Directors  
NCI Building Systems, Inc.  
10943 North Sam Houston Parkway West  
Houston, TX 77064

Depending on the subject matter, management will:

forward the communication to the director or directors to whom it is addressed (for example, if the communication received pertains to questions, concerns or complaints regarding accounting, internal accounting controls and auditing matters, it will be forwarded by management to the Chairman of the Audit Committee for review); attempt to handle the inquiry directly, for example where it is a request for information about us or our operations or it is a stock-related matter that does not appear to require direct attention by our Board or an individual director; or not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic (in accordance with the explicit instructions of our non-management directors).

At each meeting of our Board, our Chairman of the Board presents a summary of all communications received since the last meeting of our Board that were not forwarded and makes those communications available to any director on request.

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

Section 16(a) of the Exchange Act requires our directors and officers and persons who beneficially own more than 10% of any of our equity securities to file initial reports of ownership and reports of changes in ownership with the SEC. Our employees prepare these reports for our directors and executive officers who request it on the basis of the information obtained from them and from NCI's records. Our directors and officers are required by the Exchange Act to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of the forms received by us with respect to Fiscal 2015, or written representations from the reporting persons, we believe that all required reports were timely filed for Fiscal 2015.

### LEGAL PROCEEDINGS

To the best of our knowledge, there is no material proceeding to which any director, director designee or executive officer or affiliate of NCI, any owner of record or beneficially of more than 5% of any class of voting securities of NCI, or any associate of such director, nominated director, officer, affiliate of NCI, or security holder is a party adverse to NCI or any of its subsidiaries or has a material interest adverse to NCI or any of its subsidiaries.

### TRANSACTIONS WITH RELATED PERSONS

#### Policies and Procedures

The Nominating and Corporate Governance Committee has approved and adopted a written statement of policy and procedures with respect to related party transactions. This policy covers the review, approval or ratification of transactions between us and "related parties" (generally, directors, executive officers and employees required to file reports under Section 16 of the Exchange Act and their immediate family members, beneficial owners of 5% or more of any class of our securities, and any entity in which any such persons are employed, are principals, partners or hold a similar position or in which they have a beneficial interest of 5% or more). The policy covers transactions in which NCI and any related party are participants in which a related party has a material interest, other than (1) transactions between us and affiliates of CD&R, LLC, which are evaluated by the Affiliate Transactions Committee pursuant to the guidelines in the Stockholders Agreement, (2) transactions involving less than \$25,000 when aggregated with all

similar transactions, and (3) certain exceptions for the employment of executive officers, director compensation, employees of the related party and transactions in which all stockholders receive proportional benefits. The policy generally requires that any related party transaction be approved by the Nominating and Corporate Governance Committee or its Chairman in advance of the consummation or material amendment of the transaction. Under the policy, prior to entering into a related party transaction, a related party must make full disclosure of all of the facts and circumstances relating to the transaction to our Chief Financial Officer or General Counsel, who must assess this information and decide whether it is a related party transaction. If either of the Chief Financial Officer or General Counsel makes this determination, they must submit the transaction to the Nominating and Corporate Governance Committee or to its Chairman. The Nominating and Corporate Governance Committee or its Chairman will approve such transaction only if, in its good faith determination, it is in, or is not inconsistent with, the best interests of NCI and its stockholders. In the event a transaction is not identified as a related party transaction in advance, it will be submitted promptly to the Nominating and Corporate Governance Committee or the Chairman thereof, and such committee or Chair, as the case may be will evaluate the transaction and evaluate all



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options, including but not limited to ratification, amendment or termination of the transaction. In addition, certain transactions with related stockholders may be subject to the provisions of Section 203 of the Delaware General Corporation Law (the “DGCL”). Section 203 of the DGCL prohibits certain publicly-held Delaware corporations from engaging in a business combination with an interested stockholder for a period of three years following the time such person became an interested stockholder unless the business combination is approved in a specified manner. Generally, an interested stockholder is a person who, together with its affiliates and associates, owns 15% or more of the corporation’s voting stock, or is affiliated with the corporation and owns or owned 15% of the corporation’s voting stock within three years before the business combination.

The Affiliate Transactions Committee, which is further described in “Board of Directors — Board Committees — Affiliate Transactions Committee,” is responsible for reviewing, considering and approving certain transactions between NCI and its controlled affiliates, on the one hand, and the Investors and their affiliates, on the other hand. This committee is made up of at least two directors unaffiliated with the Investors and with NCI, and one director designated by the Investors who is “independent” within the meaning of the NYSE listing manual and has no material relationship with the Investors or their affiliates.

### CD&R Transactions

On October 20, 2009, we completed a financial restructuring that resulted in a change of control of NCI. Pursuant to an investment agreement (as amended, the “Investment Agreement”), we issued and sold to the Investors, for an aggregate purchase price of \$250 million, an aggregate of 250,000 shares of Series B Cumulative Convertible Participating Preferred Stock, or “Preferred Stock,” convertible into 39,221,839 shares of Common Stock (adjusted to reflect the 1:5 reverse stock split that occurred on March 5, 2010) based on the initial conversion price (or approximately 68.4% of our then voting power) (such purchase and sale, the “Equity Investment”).

Pursuant to the Investment Agreement and a stockholders agreement among NCI and the Investors (the “Stockholders Agreement”), for so long as we qualify as a “controlled company” within the meaning set forth in the NYSE Listed Company Manual or any similar provision in the rules of a stock exchange on which our securities are quoted or listed for trading, we have agreed to use our reasonable best efforts to take advantage of the exemptions afforded such controlled companies. Accordingly, we have elected to qualify for the exemptions to the requirements of sections 303A.01, 303A.04 and 303A.05 of the NYSE Listed Company Manual. As long as we qualify for those exemptions, we will not be subject to the requirements that NYSE listed companies have (1) a majority of independent directors, (2) a nominating/corporate governance committee and a compensation committee, in each case, composed entirely of independent directors, and (3) charters for the nominating/corporate governance committee and the compensation committee, in each case, addressing certain specified matters.

Among other provisions, the Stockholders Agreement entitles the Investors to certain nomination or designation rights with respect to our board of directors; subscription rights with respect to future issuances of common stock by us; corporate governance rights; and consent rights with respect to certain types of transactions we may enter into in the future. In connection with the Equity Investment, we made a determination that the acquisition of our equity interests by the Investors would not be subject to the provisions of Section 203 of the DGCL. At the time of the Equity Investment, we also entered into a registration rights agreement (the “Registration Rights Agreement”) with the Investors, which provides for customary demand and piggyback registration rights with respect to the shares of our common stock held by the Investors. The Registration Rights Agreement also provides that we will indemnify the Investors and their affiliates in connection with the registration of our securities thereunder.

On May 8, 2012, we entered into an Amendment Agreement with the Investors (the “Amendment Agreement”) to terminate our dividend obligation on the Preferred Stock, which accrued at an annual rate of 12% unless paid in cash at 8% (the “Dividend Knock-out”). As consideration for the Dividend Knock-out, the Investors received a total of

37,834 additional shares of Preferred Stock.

On May 14, 2013, the Investors delivered a formal notice requesting the conversion of all of their Preferred Stock into shares of our Common Stock (the "Conversion"). In connection with the Conversion request, we issued to the Investors 54,136,817 shares of our Common Stock (representing the shares of Common Stock issuable in connection with the conversion of (1) the shares of Preferred Stock purchased by the Investors pursuant to the Investment Agreement, (2) the shares of Preferred Stock issued in satisfaction of our dividend obligations prior to the Dividend Knock-out and (3) the additional shares of Preferred Stock issued in consideration for the Dividend Knock-out). The Conversion eliminated all the outstanding Preferred Stock.

On January 15, 2014, the Investors completed a registered underwritten offering of 9,775,000 shares of our Common Stock pursuant to our shelf registration statement previously filed and declared effective by the SEC on March 27, 2013 (the "Secondary Offering"). The Investors received all proceeds from the Secondary Offering, which was effected pursuant to the Registration Rights Agreement. In addition, on January 6, 2014, we entered into a separate agreement with the Investors to repurchase 1,150,000 shares of our Common Stock, contingent on the closing of the Secondary Offering and subject to other conditions, at a price per share equal to the price per

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share to be paid by the underwriters to the Investors in the Secondary Offering (the “Stock Repurchase”). The Stock Repurchase was a private, non-underwritten transaction that was approved and recommended by our Affiliate Transactions Committee of our Board, and closed simultaneously with the Secondary Offering. We have cancelled all shares repurchased in the Stock Repurchase.

As the holder of a majority of our outstanding Common Stock, the Investors will be able to significantly influence or control matters submitted to stockholders for vote, including the proposals considered in this proxy statement.

As a result of their respective positions with CD&R, LLC and its affiliates, Mr. Berges, Mr. Sleeper and Mr. Zrebiec may be deemed to have an indirect material interest in certain agreements executed in connection with the Equity Investment, including:

• the Investment Agreement, pursuant to which Clayton, Dubilier & Rice Fund VIII L.P.’s transaction expenses were reimbursed and a deal fee of \$8.25 million was paid to CD&R, Inc. on October 20, 2009;

• an Indemnification Agreement indemnifying CD&R and its affiliates against certain liabilities arising out of the transactions with CD&R and certain other liabilities and claims;

• the Stockholders Agreement; and

• the Registration Rights Agreement.

For additional information regarding the transactions with CD&R, LLC and the Investors, the Investors’ relationship with CD&R, LLC and the above referenced agreements, see “Item 1. Business” and “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended November 1, 2015, as well as Notes 13 and 14 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended November 1, 2015.

## AUDIT COMMITTEE AND AUDITORS

### Report of the Audit Committee

We have reviewed and discussed with management the audited financial statements contained in NCI Building Systems, Inc.’s Annual Report on Form 10-K for the fiscal year ended November 1, 2015. We also have discussed the audited financial statements with Ernst & Young LLP, NCI’s independent registered public accountants. Our discussions with Ernst & Young LLP included, among other things, the matters required to be discussed by the statement on Auditing Standard No. 16, Communications with Audit Committees as adopted by the Public Company Accounting Oversight Board, including the quality of NCI’s accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. We also reviewed written disclosures and the letter from Ernst & Young LLP in accordance with applicable requirements of the Public Company Accounting Oversight Board, Ernst & Young LLP’s communications with the Audit Committee concerning independence, and have discussed with Ernst & Young LLP its independence. Based on those discussions, we are not aware of any relationship between Ernst & Young LLP and NCI that affects the objectivity or independence of Ernst & Young LLP.

Based on those discussions and review, we recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended November 1, 2015, for filing with the SEC. We have appointed Ernst & Young LLP as NCI’s independent auditors for Fiscal 2016, and have submitted the appointment for stockholder ratification.

We also reviewed and discussed the fees paid to Ernst & Young LLP for the fiscal year ended November 1, 2015 for audit and non-audit services, which fees and services are described in the proxy statement under the title “Our Independent Auditors and Fees,” and have determined that the provision of the non-audit services and the fees that we pay for them are compatible with maintaining Ernst & Young LLP’s independence. The Board of Directors

recommends that stockholders ratify this selection at the Annual Meeting.

This report is submitted by the members of the Audit Committee.

GARY L. FORBES (Chair)

GEORGE L. BALL

JOHN J. HOLLAND

GEORGE MARTINEZ

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### Our Independent Registered Public Accounting Firm and Audit Fees

Ernst & Young LLP served as our independent registered public accountants for Fiscal 2015. A representative of Ernst & Young LLP is expected to attend our Annual Meeting and will have the opportunity to make a statement if he so desires and will be available to answer appropriate stockholder questions.

**Audit Fees.** We incurred fees of \$2,437,393 during Fiscal 2015 and \$1,698,292 during Fiscal 2014 for Ernst & Young LLP's independent audit of our annual financial statements, review of the financial statements contained in our quarterly reports on Form 10-Q and assistance regarding other SEC filings. All of the audit services provided to us by Ernst & Young LLP during Fiscal 2015 and Fiscal 2014 were pre-approved by the Audit Committee.

**Audit-Related Fees.** We incurred fees of \$185,000 during Fiscal 2015 for other services rendered by Ernst & Young LLP that were reasonably related to its audit and review of our financial statements, including reviews of internal control design and operation and assistance in evaluating the requirements of the Sarbanes-Oxley Act of 2002. We did not incur any such fees during Fiscal 2014.

**Tax Fees.** We incurred fees of \$7,947 during Fiscal 2015 for professional services rendered by Ernst & Young LLP to CENTRIA in connection with the acquisition of the CENTRIA general partnership. These services were permitted non-audit services and were pre-approved by the Audit Committee. We did not incur any tax fees during Fiscal 2014.

**All Other Fees.** We incurred fees of \$2,160 during Fiscal 2015 and \$2,160 during Fiscal 2014 for research tool subscriptions rendered by Ernst & Young LLP. All of the research tool subscriptions provided to us by Ernst & Young LLP during Fiscal 2015 and Fiscal 2014 were pre-approved by the Audit Committee.

### Pre-Approval Policies and Procedures for Audit and Non-Audit Services

The Audit Committee has developed policies and procedures concerning its pre-approval of the performance of audit and non-audit services for us by Ernst & Young LLP. These policies and procedures provide that the Audit Committee must pre-approve all audit and permitted non-audit services (including the fees and terms thereof) to be performed for us by Ernst & Young LLP, subject to the de minimis exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Audit Committee before the completion of the audit. In pre-approving all audit services and permitted non-audit services, the Audit Committee or a delegated member must consider whether the provision of the permitted non-audit services is compatible with maintaining the independence of Ernst & Young LLP and its status as our independent auditors.

The Audit Committee has delegated to its members the authority to consider and approve management proposals for the engagement of Ernst & Young LLP to perform certain permitted non-audit services for fees of up to an aggregate of \$25,000 between quarterly meetings of the Audit Committee; provided that those pre-approvals are presented to the entire Audit Committee at its next regularly scheduled meeting. Management proposals arising between quarterly Audit Committee meetings are presented for pre-approval to the Chairman of the Audit Committee, Mr. Forbes, and in the event of his unavailability, to another member of the Audit Committee.

All of the services performed by Ernst & Young LLP in Fiscal 2015 were approved in advance by the Audit Committee pursuant to the foregoing pre-approval policy and procedures. Additionally, during Fiscal 2015, Ernst & Young LLP did not provide any services prohibited by the Sarbanes-Oxley Act of 2002.

## STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS

### Stockholder Proposals for the 2017 Annual Meeting

If you wish to present a proposal for inclusion in our proxy material for consideration at our Annual Meeting to be held in 2017, you must submit the proposal in writing to our Corporate Secretary at the address shown on the first page of this proxy statement, and we must receive your proposal not later than close of business (5:30 p.m. CST) on September 29, 2016 (the 120<sup>th</sup> day prior to January 27, 2017, the anniversary of the date on which this year's proxy was mailed to you). As the rules of the SEC make clear, simply submitting a proposal does not guarantee that it will be included. That proposal must comply with Section 8 of Article II of our By-Laws and, if it is to be included in our proxy materials, Rule 14a-8 under the Exchange Act.

#### Advance Notice Required for Stockholder Nominations and Proposals for the 2017 Annual Meeting

Our By-Laws require timely advance written notice of stockholder nominations of director candidates and of any other proposals to be presented at an annual meeting of stockholders. Notice will be considered timely for the Annual Meeting of Stockholders to be

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held in 2017 if it is received not less than 90 nor more than 120 days prior to the date of the 2017 Annual Meeting of Stockholders. Please refer to the full text of our advance notice by-law provisions for additional information and requirements. A copy of our By-Laws may be obtained by writing to our Corporate Secretary at the address shown on the first page of this proxy statement. Our By-Laws require our Board or the presiding officer of the Annual Meeting to reject any untimely or non-complying proposal.

## ANNUAL REPORT

A copy of our Annual Report to Stockholders, which consists of our Annual Report on Form 10-K for Fiscal 2015, accompanies this proxy statement. These materials do not form part of the material for the solicitation of proxies.

We have filed our Annual Report on Form 10-K for Fiscal 2015 with the SEC. It is available free of charge on our website at [www.ncibuildingsystems.com](http://www.ncibuildingsystems.com) and at the SEC's website at [www.sec.gov](http://www.sec.gov).

Upon written request by a stockholder, we will mail, without charge, a copy of our Form 10-K, including the financial statements and financial statement schedules, but excluding exhibits to the Form 10-K. Exhibits to the Form 10-K are available upon payment of a reasonable fee, which is limited to our expenses in furnishing the requested exhibits.

## STOCKHOLDERS SHARING THE SAME LAST NAME AND ADDRESS

We are sending only one copy of our proxy statement and Annual Report to stockholders who share the same last name and address, unless they have notified us that they want to continue receiving multiple copies. This practice, known as "householding," is designed to reduce duplicate mailings and save significant printing and postage costs.

If you received a household mailing this year and you would like to have additional copies of our proxy statement and Annual Report mailed to you or you would like to opt out of this practice for future mailings, we will promptly deliver such additional copies to you if you submit your request to our Investor Relations in writing at 10943 North Sam Houston Parkway West, Houston, Texas 77064, or call us at 281-897-7788. You may also contact us in the same manner if you received multiple copies of the Annual Meeting materials and would prefer to receive a single copy in the future.

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MISCELLANEOUS

Our Board knows of no business other than that described above to be transacted at our Annual Meeting. If other matters requiring a vote of the stockholders arise, the persons designated as proxies will vote the shares of Common Stock represented by the proxies in accordance with their judgment on those matters.

The information contained in the proxy statement relating to the occupations and security holdings of our directors and officers and their transactions with us is based upon information received from the individual directors and officers. Unless otherwise indicated, all information relating to any beneficial owner of more than 5% of any class of our equity securities is based upon information contained in reports filed by that owner with the SEC.

By Order of the Board of Directors

TODD R. MOORE

TODD R. MOORE  
Executive Vice President, General Counsel and  
Corporate Secretary  
Houston, Texas  
January 27, 2016

Important Notice Regarding the Availability of  
Proxy Materials for the Stockholder Meeting To Be Held February 25, 2016

The Notice of Annual Meeting of Stockholders, our Proxy Statement and our Annual Report to Stockholders are available at [www.edocumentview.com/NCS](http://www.edocumentview.com/NCS).



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