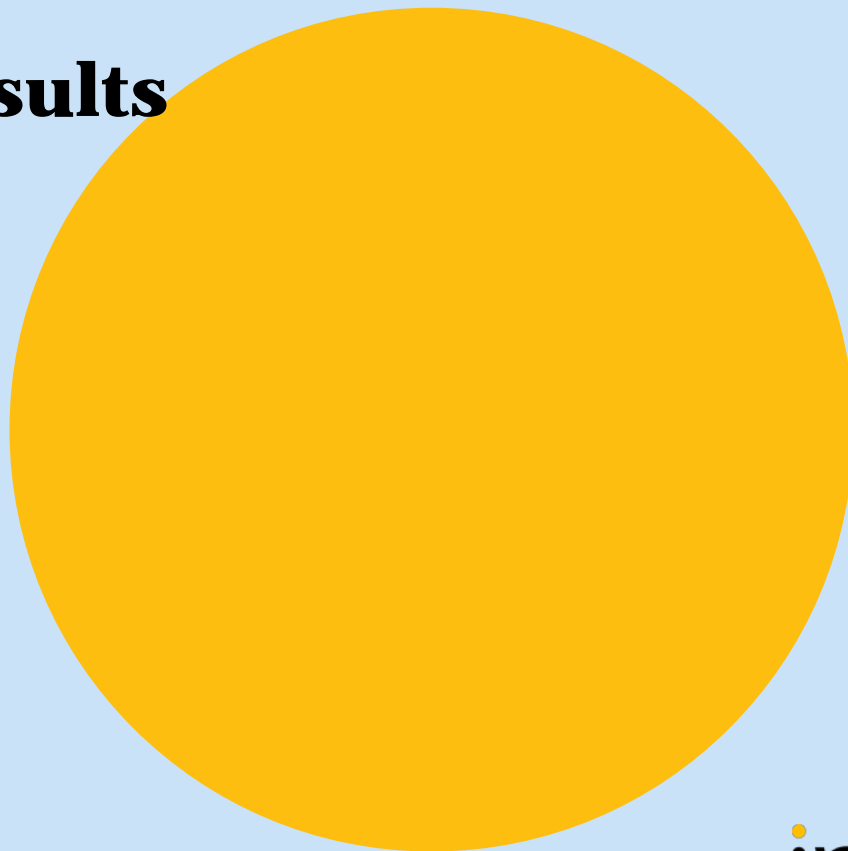


INC Research **3Q 2015 Financial Results**

October 29, 2015



Forward Looking Statements & Non-GAAP Financial Measures

Forward-Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation, including our updated 2015 guidance and long-term targets, are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to: fluctuations in our financial results; our ability to maintain or generate new business awards; our backlog not being indicative of future revenues and our ability to realize the anticipated future revenue reflected in our backlog; our ability to adequately price our contracts and not overrun cost estimates; our customer or therapeutic area concentration; international economic, political and other risks; our ability to increase our market share, grow our business and execute our growth strategies; and the other risk factors set forth in our Form 10-K for the year ended December 31, 2014, Form 10-Q for the quarter ended March 31, 2015 and other SEC filings, copies of which are available free of charge on our website at investor.incresearch.com. INC Research assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with GAAP, this presentation contains certain non-GAAP financial measures, including Adjusted Net Service Revenue, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Net Income (including Adjusted Diluted Earnings per Share), EBITDA, and Adjusted EBITDA. A “non-GAAP financial measure” is generally defined as a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of operations, balance sheets or statements of cash flows of the Company.

The Company defines Adjusted Net Service Revenue as net service revenue excluding the impact of higher-than-normal change order activity that occurred during 2014.

The Company defines Adjusted Income from Operations as income from operations excluding the impact of higher-than-normal revenue change order activity and certain expenses and transactions that the Company believes are not representative of its core operations, namely, management fees that terminated in connection with the Company’s initial public offering, acquisition-related amortization, restructuring costs, transaction expenses, stock compensation expense, contingent consideration related to acquisitions, and asset impairment charges. The Company defines Adjusted Operating Margin as adjusted income from operations as a percentage of adjusted net service revenue.

The Company defines Adjusted Net Income (including Adjusted Diluted Earnings per Share) as net income (including diluted earnings per share) excluding debt refinancing expenses, loss on extinguishment of debt, other (income) expense and the items excluded from adjusted income from operations mentioned previously. After giving effect to these items and other unusual tax impacts during the period, the Company has also included an adjustment to its income tax rate to reflect the expected long-term income tax rate.

EBITDA represents earnings before interest, taxes, depreciation and amortization. The Company defines Adjusted EBITDA as EBITDA excluding the impact of higher-than-normal revenue change order activity and certain expenses and transactions that the Company believes are not representative of its core operations, namely, management fees that terminated in connection with its initial public offering, restructuring costs, transaction expenses, stock compensation expense, contingent consideration related to acquisitions, asset impairment charges, debt refinancing expenses, loss on extinguishment of debt, and other (income) expense. The Company presents EBITDA and Adjusted EBITDA because it believes they are useful metrics for investors as they are commonly used by investors, analysts and debt holders to measure the Company’s ability to service its debt obligations, fund capital expenditures and meet working capital requirements.

The non-GAAP measures noted above are used by management and the Board to evaluate the Company’s core operating results as they exclude certain items whose fluctuations from period to period do not necessarily correspond to changes in the core operations of the business. Adjusted Net Service Revenue, Adjusted Income from Operations, Adjusted Operating Margin, and Adjusted Net Income (including Adjusted Diluted Earnings per Share) are used by management and the Board to assess its business, as well as by investors and analysts, to measure the Company’s performance. Adjusted EBITDA is also a useful metric for management, investors and debt holders to measure the Company’s ability to service its debt obligations.

Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company’s results of operations as determined in accordance with GAAP. Investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures included on slides 17-22 in the appendix of this presentation.

3Q 2015 Highlights

Key Operating Metrics

\$M (except per share data)	Third Quarter			9 Months Ended September 30 th		
	2014	2015	% Change	2014	2015	% Change
Net New Business Awards ¹	249.3	327.7	31.5%	633.5	879.1	38.8%
Book-to-Bill	1.2 x	1.4 x		1.1 x	1.3 x	
Book-to-Bill (TTM)	1.2 x	1.3 x		1.2 x	1.3 x	
Adjusted Net Service Revenue	203.3	234.5	15.4%	587.0	673.4	14.7%
Adjusted Income from Operations ²	32.1	56.0	74.4%	88.3	151.2	71.3%
Adjusted EBITDA ²	36.8	60.3	63.8%	104.9	164.8	57.0%
Adjusted Net Income ²	12.1	33.9	180.2%	29.4	88.8	201.8%
Adjusted Diluted EPS ² (\$)	0.23	0.58	152.2%	0.56	1.46	160.7%

\$M	Sep 30 2014	Sep 30 2015	% Change
Backlog ³	1,506	1,766	17.3%

1. During the second quarter of 2014, net new business awards were negatively impacted by a \$132M cancellation due to regulatory concerns of the customer. This cancellation reduced net awards by \$85M during the nine months ended September 30, 2014.
 2. Financial results were favorably impacted by one-time benefits in the first and third quarters of 2015. For normalized income statements for the three and nine months ended September 30, 2015, please refer to slide 16 in the appendix of this presentation.
 3. Backlog was negatively impacted by \$3M, \$29M and \$48M due to foreign currency fluctuations for the three, nine and twelve months ended September 30, 2015, respectively.
- For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 17-22 in the appendix of this presentation.

3Q 2015 Income Statement

Adjusted Basis

\$M (except per share data)	Third Quarter			9 Months Ended September 30 th		
	2014	2015	% Change	2014	2015	% Change
Net Service Revenue	\$ 203.3	\$ 234.5	15.4%	\$ 587.0	\$ 673.4	14.7%
Direct Costs	128.8	134.7	4.6%	379.4	397.1	4.6%
Gross Profit	74.5	99.8	34.0%	207.6	276.3	33.1%
<i>Gross Profit Margin</i>	36.6%	42.6%	+593 bps	35.4%	41.0%	+567 bps
Selling, General & Administrative	37.6	39.5	4.9%	102.6	111.5	8.7%
Depreciation	4.7	4.4	(8.0%)	16.6	13.5	(18.6%)
Income from Operations	32.1	56.0	74.4%	88.3	151.2	71.3%
<i>Income from Operations Margin</i>	15.8%	23.9%	+808 bps	15.0%	22.5%	+741 bps
Interest Expense, net	(12.9)	(3.0)	(76.5%)	(41.6)	(12.5)	(69.9%)
Income before Provision for Income Taxes	19.2	52.9	175.8%	46.7	138.7	197.1%
Income Tax Expense	(7.1)	(19.1)	168.3%	(17.3)	(49.9)	189.1%
Net Income	\$ 12.1	\$ 33.9	180.2%	\$ 29.4	\$ 88.8	201.8%
Diluted EPS (\$)	0.23	0.58	152.2%	0.56	1.46	160.7%
EBITDA	\$ 36.8	\$ 60.3	63.8%	\$ 104.9	\$ 164.8	57.0%
<i>EBITDA Margin</i>	18.1%	25.7%	+761 bps	17.9%	24.5%	+659 bps

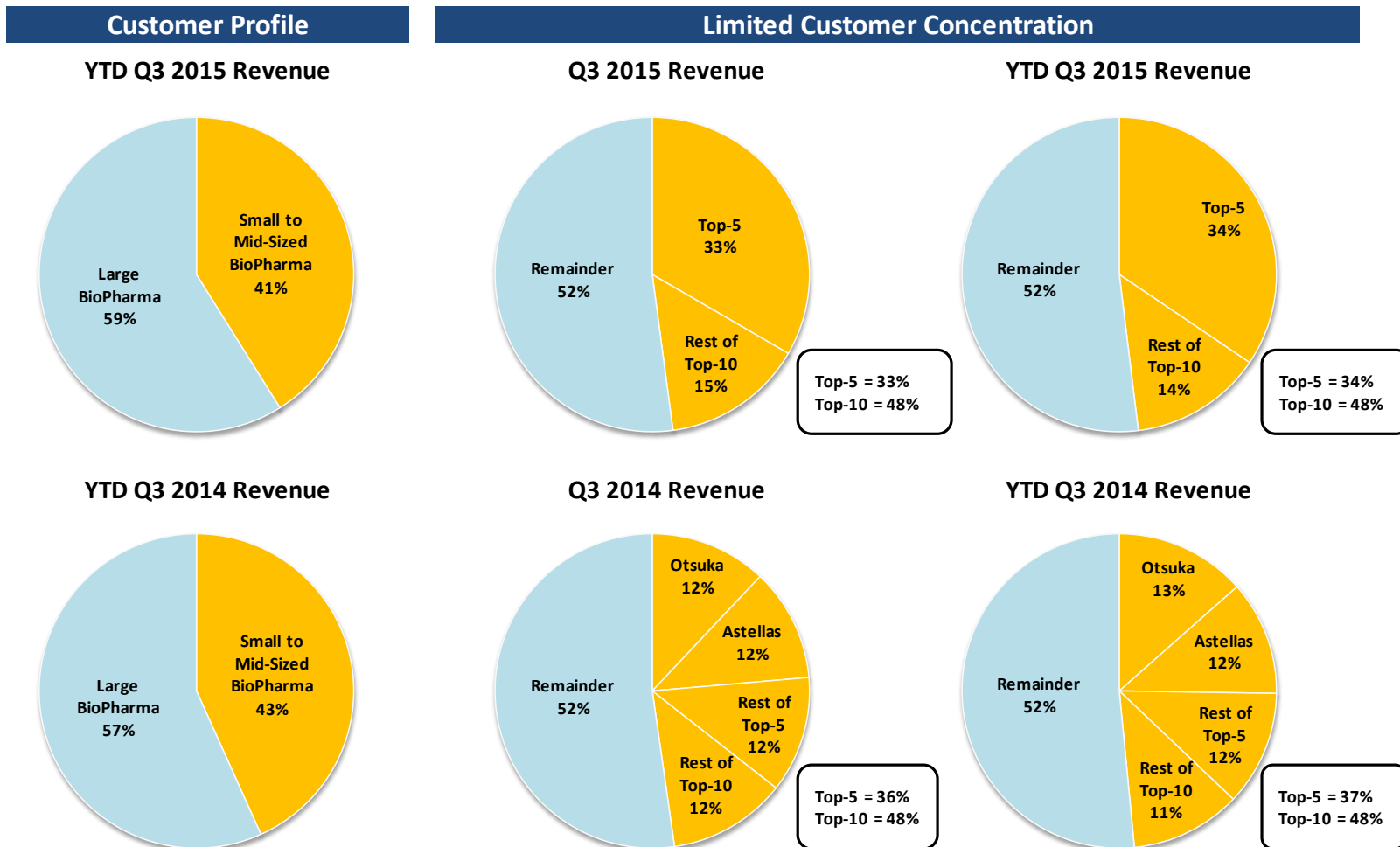
Note: Due to rounding of specific line items, line item figures may not sum to subtotals.

Financial results were favorably impacted by one-time benefits in the first and third quarters of 2015. For normalized income statements for the three and nine months ended September 30, 2015, please refer to slide 16 in the appendix of this presentation.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 17-22 in the appendix of this presentation.

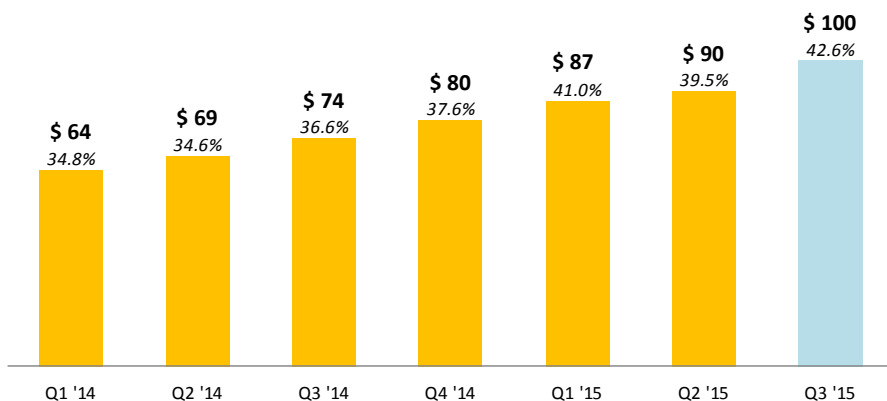
Diversified Customer Base

- We have a diversified base of over 300 customers and have performed work for 19 of the largest 20 biopharma companies, as ranked by 2014 sales, since the beginning of 2014.
- Approximately 90% of YTD 2015 new business awards were from repeat customers.

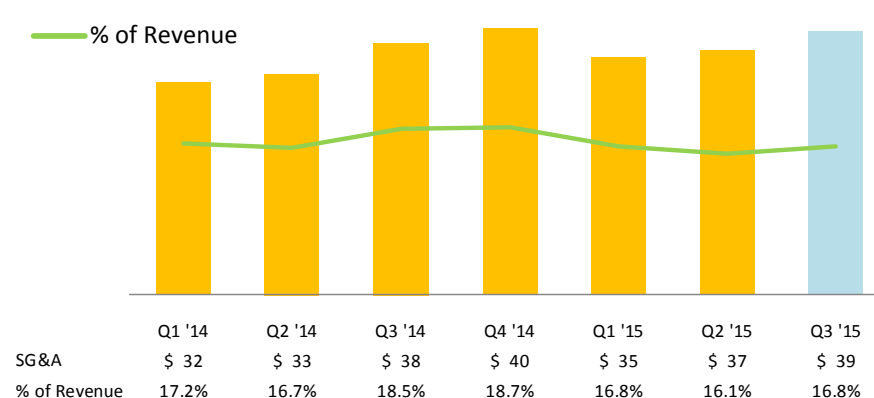


Historical Trends – Margin and SG&A Expenses

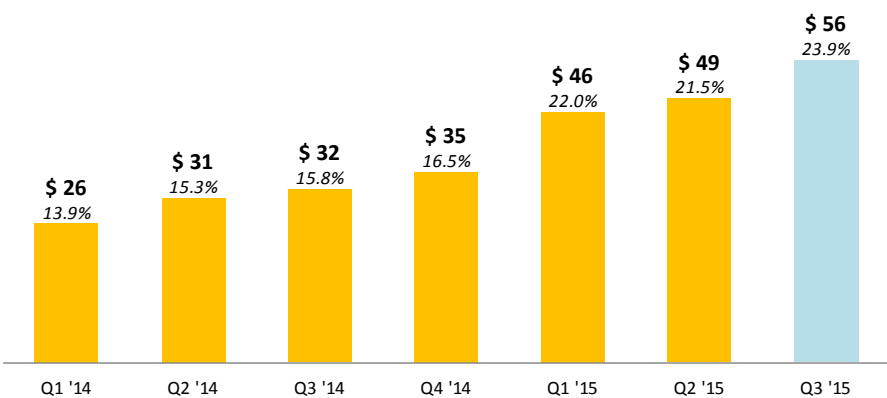
Adjusted Gross Profit (\$M) (+ Margin %) ^{1,2,3}



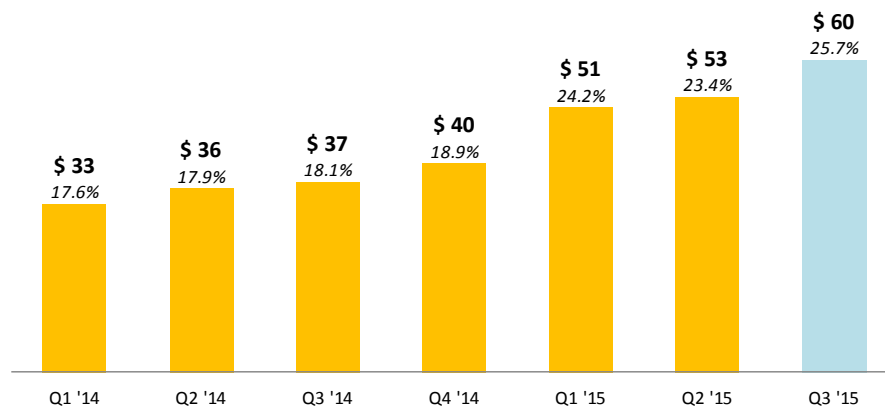
Adjusted SG&A (\$M) (+ % of Revenue) ^{1,3}



Adjusted Income from Operations (\$M) (+ Margin %) ^{1,2,3}



Adjusted EBITDA (\$M) (+ Margin %) ^{1,2,3}



1. One-time benefits in Q1 2015 favorably impacted Adjusted Gross Profit by \$5.1M, Adjusted SG&A by \$1.1M, Adjusted Income from Operations by \$6.2M, and Adjusted EBITDA by \$6.2M.
 2. One-time benefits in Q3 2015 favorably impacted Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA by \$4.9M.
 3. During the second and third quarters of 2014, we experienced higher-than-normal change order activity estimated to be between \$6.0M and \$12.0M. Adjusted Net Service Revenue, Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA have been adjusted by \$9.0M (\$4.5M in both the second and third quarters) in 2014 to remove the impact of this higher-than-normal change order activity.
 For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 17-22 in the appendix of this presentation. For normalized income statements, please refer to slide 16 in the appendix of this presentation.

Cash Flow and Leverage Profile

\$M	Third Quarter		9 Months Ended September 30 th	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Cash Flow from Operations	36.9	45.8	117.3	141.1
Less: Capital Expenditures	4.8	3.9	17.7	11.6
Free Cash Flow ¹	32.1	41.9	99.6	129.6
Adjusted EBITDA	36.8	60.3	104.9	164.8

\$M	<u>Sep 30</u>	<u>Dec 31</u>	<u>Sep 30</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>
Cash	185.8	126.5	136.1
Total Debt	591.7	425.5	475.1
Net Debt	405.9	299.0	339.0
<i>Net Leverage</i> ²	3.0x	2.1x	1.7x
Total Net DSO ³	(6.0)	0.3	(1.7)

Note: Due to rounding of specific line items, line item figures may not sum to subtotals.

- Free cash flow represents cash flow from operations less capital expenditures.
- Net leverage is calculated as net debt as of the date presented, divided by trailing twelve month adjusted EBITDA of \$134.8M for 9/30/14, \$145.3M for 12/31/14, and \$205.1M for 9/30/15.
- For DSO trend information, please refer to slides 13 and 14 in the appendix of this presentation.

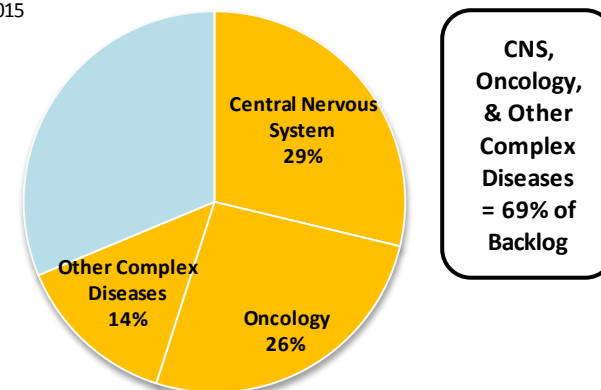
Backlog Should Support Long-Term Growth

Backlog Roll Forward (\$M)

	Q1 '15		Q2 '15		Q3 '15	
Beginning Backlog	\$	1,589	\$	1,595	\$	1,676
+ Acquired Backlog		-		-		-
+ Net Awards		256		296		328
- Revenue, as reported		(212)		(227)		(234)
+ FX Adjustment		(39)		13		(3)
Ending Backlog	\$	1,595	\$	1,676	\$	1,766

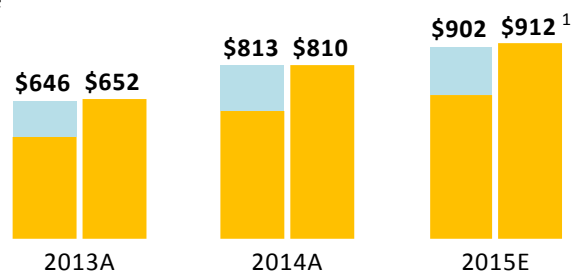
Backlog by Therapeutic Area

As of September 30, 2015



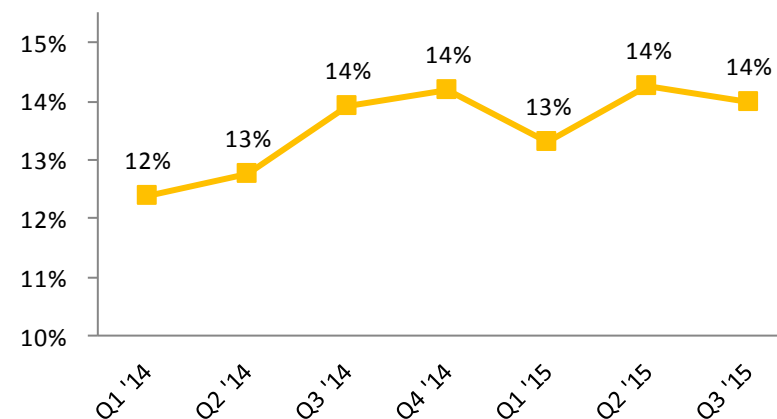
Backlog Coverage (\$M)

RoY Backlog Revenue



	9/30/13	9/30/14	9/30/15
Backlog as of			
Coverage Ratio	99.0%	100.3%	98.9%
YoY Revenue Growth	12.7%	24.1%	12.6%

Backlog Burn Rate²



Financials and related key operating metrics have not been adjusted to exclude the \$9.0M (\$4.5M in both the second and third quarters) of higher-than-normal change order activity for full year 2014.

1. 2015 revenue estimate represents the mid-point of the revised guidance range on page 9 of this presentation.

2. Backlog burn represents current quarter net revenue divided by previous quarter ending backlog.

Full Year 2015 Guidance

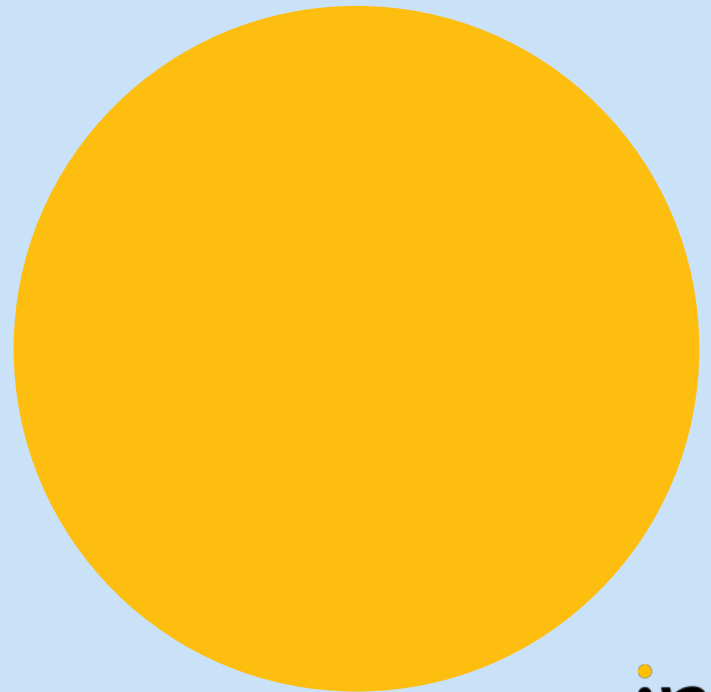
Financial Measurement	Guidance Issued 7/30/2015		Revised Guidance	
	Guidance Range	Growth Rate ²	Guidance Range	Growth Rate ²
Net Service Revenue ¹	\$ 900.0 - 910.0M	12.4 - 13.6%	\$ 910.0 - 914.0M	13.6 - 14.1%
Adjusted EBITDA ³	\$ 195.0 - 205.0M	34.2 - 41.1%	\$ 214.0 - 220.0M	47.3 - 51.4%
Adjusted Net Income ³	\$ 102.0 - 109.0M	128.5 - 144.1%	\$ 115.0 - 118.5M	157.6 - 165.4%
Adjusted Diluted EPS ³	\$ 1.69 - 1.80	103.6 - 116.9%	\$ 1.91 - 1.97	130.1 - 137.3%
GAAP Diluted EPS ³	\$ 1.44 - 1.60	382.4 - 413.7%	\$ 1.84 - 1.93	460.8 - 478.4%

Note: Financial guidance takes into account a number of factors, including current foreign currency exchange rates and our expected tax rates.

1. Revised guidance for Net Service Revenue includes foreign exchange headwind of approximately \$37.3M (a negative impact of approximately 465 basis points) resulting in a constant currency growth rate of approximately 18.3 – 18.8%.
2. 2015 growth rates are based on adjusted 2014 financials, with the exception of GAAP Diluted EPS. 2014 revenue has been adjusted to exclude \$9.0M of higher-than-normal change order activity for the full year 2014.
3. Guidance includes one-time benefits of \$7.7M (\$4.9M net of tax) representing approximately \$.08 per share, realized during the nine months ended September 30, 2015.

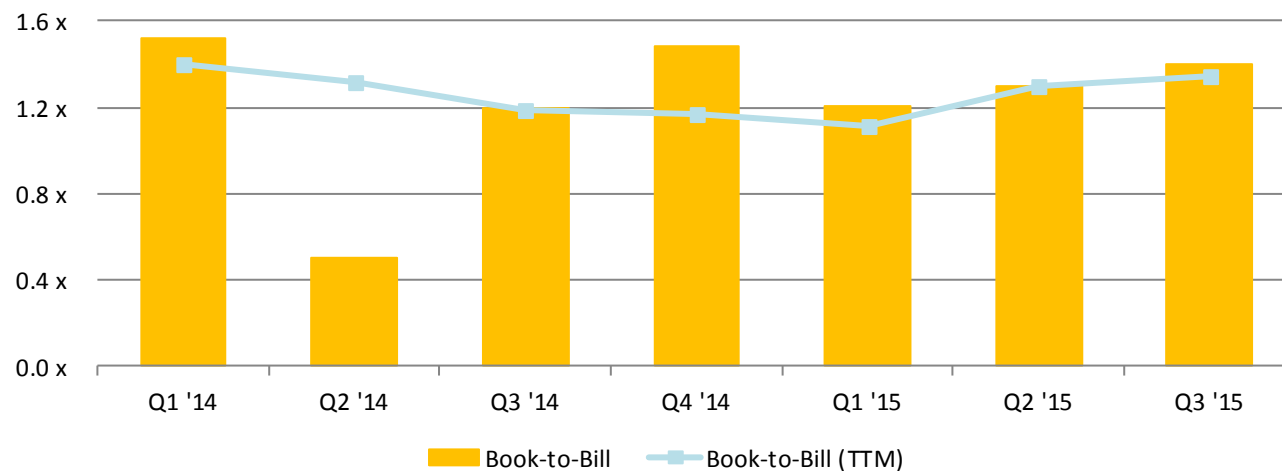
Additionally, the Company maintains its long-term targets of 10% - 12% Net Service Revenue growth, 13% - 15% Adjusted EBITDA growth, and up to 20% Adjusted Diluted EPS growth. For a complete reconciliation of GAAP to Non-GAAP measures for current and historical periods, please refer to slides 17- 22 in the appendix of this presentation.

Appendix



Book to Bill Trend

Net Book-to-Bill Ratio



Quarterly	Q1 '14	Q2 '14 ¹	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15
Net New Business Awards (\$M)	280.9	103.4	249.3	316.3	255.5	295.9	327.7
Net Service Revenue (\$M)	184.7	203.5	207.8	213.7	211.5	227.4	234.5
Book-to-Bill Ratio	1.5 x	0.5 x	1.2 x	1.5 x	1.2 x	1.3 x	1.4 x

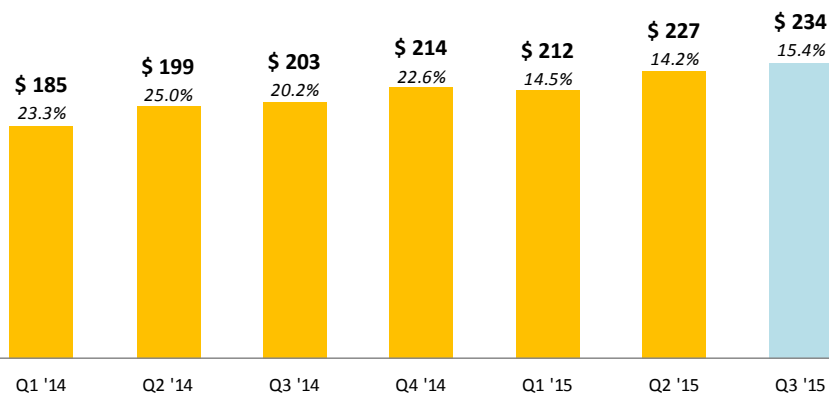
TTM	Q1 '14	Q2 '14 ¹	Q3 '14 ¹	Q4 '14 ¹	Q1 '15 ¹	Q2 '15	Q3 '15
Net New Business Awards (TTM) (\$M)	959.4	967.3	918.8	949.8	924.4	1,116.9	1,195.4
Net Service Revenue (TTM) (\$M)	687.4	731.7	770.4	809.7	836.5	860.4	887.1
Book-to-Bill Ratio (TTM)	1.4 x	1.3 x	1.2 x	1.2 x	1.1 x	1.3 x	1.3 x

1. Net new business awards were negatively impacted by \$132M as a result of a cancellation of interrelated programs during the second quarter of 2014 related to scientific concerns the customer had with the viability of the compound under development.

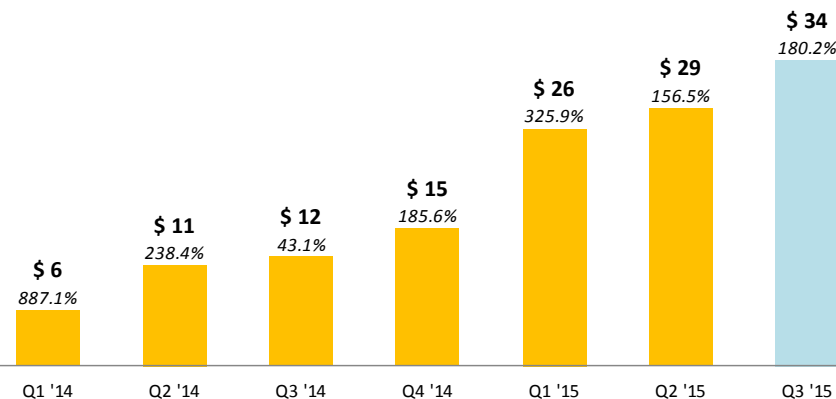
Historical Financial Performance Trends

Key Metrics

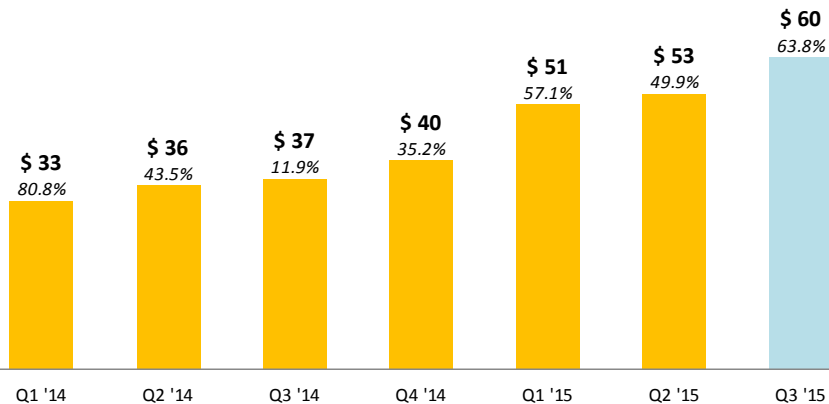
Adjusted Net Service Revenue (\$M) (+ YoY growth) ¹



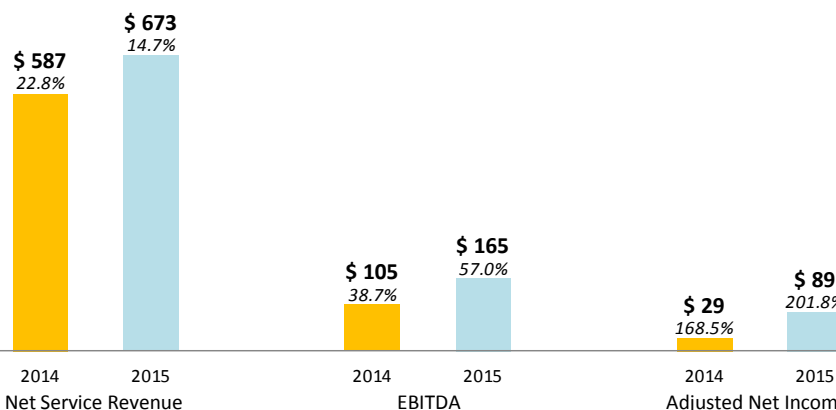
Adjusted Net Income (\$M) (+ YoY growth) ^{1,2,3}



Adjusted EBITDA (\$M) (+ YoY growth) ^{1,2,3}

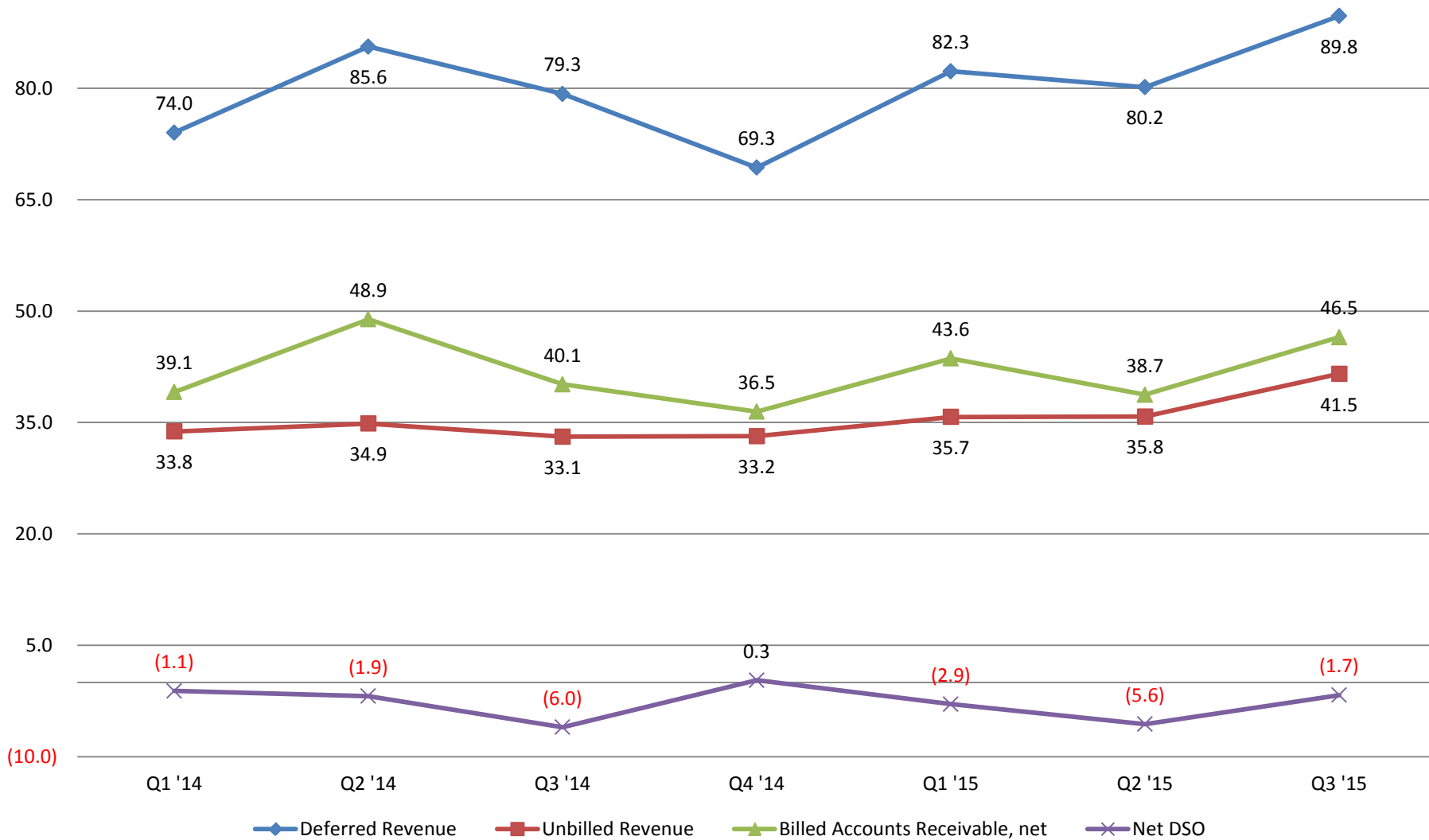


Adjusted Metrics - 9 Months Ended September 30th (\$M) (+ YoY growth) ^{1,4}

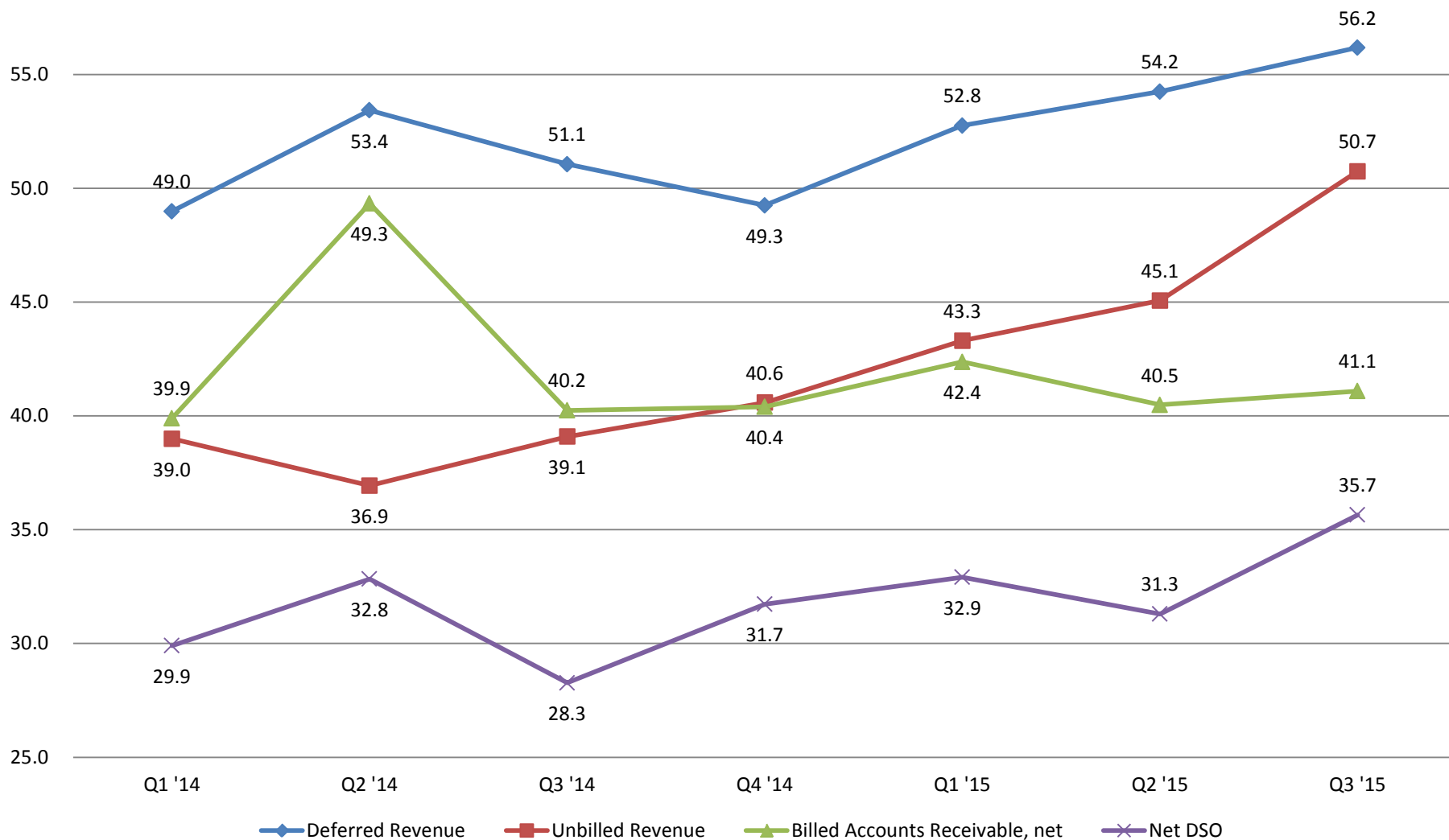


- During the second and third quarters of 2014, we experienced higher-than-normal change order activity estimated to be between \$6.0M and \$12.0M. Both Adjusted Net Service Revenue and Adjusted EBITDA have been adjusted by \$9.0M (\$4.5M in both the second and third quarters) in 2014 to remove this impact. Adjusted Net Income, net of tax of 37%, has been adjusted by \$5.7M (\$2.85M in both the second and third quarters).
 - One-time benefits in Q1 2015 favorably impacted Adjusted EBITDA by \$6.2M and Adjusted Net Income, net of tax of 36%, by \$4.0M.
 - One-time benefits in Q3 2015 favorably impacted Adjusted EBITDA by \$4.9M and Adjusted Net Income, net of tax of 36%, by \$3.2M.
 - One-time benefits for the nine months ended September 30, 2015 favorably impacted Adjusted EBITDA by \$7.7M and Adjusted Net Income, net of tax of 36%, by \$4.9M.
- For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 17-22 in the appendix of this presentation. For normalized income statements, please refer to slide 16 in the appendix of this presentation.

Days Sales Outstanding – Total Revenue



Days Sales Outstanding – Net Service Revenue (Excluding Reimbursable Out-of-Pocket Expenses)



Full Year 2015 Guidance Reconciliation

\$M (except per share data)

	Adjusted Net Income		Adjusted Diluted Earnings Per Share	
	Low	High	Low	High
Net income and diluted earnings per share	\$ 111.0	\$ 116.0	\$ 1.84	\$ 1.93
<i>Adjustments:</i>				
Amortization ¹	37.9	37.9		
Stock-based compensation expense ¹	5.2	5.2		
Contingent consideration treated as compensation expense ¹	0.5	0.5		
Transaction expenses ¹	1.4	1.4		
Restructuring expenses ¹	2.6	2.6		
Asset impairment charges ¹	3.9	3.9		
Debt extinguishment costs ¹	9.8	9.8		
Other ¹	(3.9)	(4.1)		
Income tax effect of above adjustments ²	(53.4)	(54.7)		
Adjusted net income and adjusted diluted earnings per share	\$ 115.0	\$ 118.5	\$ 1.91	\$ 1.97

1. Amounts are estimates with an estimated range of +/- 5% and are presented gross without the benefit of income tax reduction.

2. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 36%, which is the midpoint of our range for the expected income tax rate of 35% to 37%. This adjustment also excludes the impact of the valuation allowances recorded against our deferred tax assets and other unusual tax impacts during the period. Historically, we recorded a valuation allowance against some of our deferred tax assets, but we believe that these valuation allowances cause significant fluctuations in our financial results that are not indicative of our underlying financial performance.

3Q 2015 Income Statement

Adjusted Basis – Normalized for One-Time Benefits

\$M (except per share data)	Third Quarter			9 Months Ended September 30 th		
	Non-GAAP	Adjustments	Normalized	Non-GAAP	Adjustments	Normalized
Net Service Revenue	\$ 234.5	\$ -	\$ 234.5	\$ 673.4	\$ -	\$ 673.4
Direct Costs	134.7	4.9 a	139.6	397.1	6.6 a,b	403.7
Gross Profit	99.8	(4.9)	94.9	276.3	(6.6)	269.7
<i>Gross Profit Margin</i>	42.6%	(2.1%)	40.5%	41.0%	(1.0%)	40.1%
Selling, General & Administrative	39.5	-	39.5	111.5	1.1 b	112.6
Depreciation	4.4	-	4.4	13.5	-	13.5
Income from Operations	56.0	(4.9)	51.0	151.2	(7.7)	143.5
<i>Income from Operations Margin</i>	23.9%	(2.1%)	21.8%	22.5%	(1.1%)	21.3%
Interest Expense, net	(3.0)	-	(3.0)	(12.5)	-	(12.5)
Income before Provision for Income Taxes	52.9	(4.9)	48.0	138.7	(7.7)	131.0
Income Tax Expense	(19.1)	1.8 c	(17.3)	(49.9)	2.8 c	(47.2)
Net Income	\$ 33.9	\$ (3.2)	\$ 30.7	\$ 88.8	\$ (4.9)	\$ 83.8
Diluted EPS (\$)	0.58	(0.05)	0.52	1.46	(0.08)	1.38
EBITDA	\$ 60.3	\$ (4.9)	\$ 55.4	\$ 164.8	\$ (7.7)	\$ 157.1
<i>EBITDA Margin</i>	25.7%	(2.1%)	23.6%	24.5%	(1.1%)	23.3%

Note: Due to rounding of specific line items, line item figures may not sum to subtotals.

a. During the third quarter, we settled \$4.9M of study-related obligations, \$3.4M of which were recorded as an expense during the first half of 2015. The year-to-date net impact of these one-time benefits was approximately \$1.5M.

b. During the first quarter, we settled \$6.2M of liabilities (\$5.1M of direct costs and \$1.1M of SG&A expenses) at less than original estimates.

c. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 36%, which is the midpoint of our range for the expected income tax rate of 35% to 37%.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 17-22 in the appendix of this presentation.

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended September 2015

Thousands, except per share data	Three Months Ended September 30, 2015		
	GAAP	Adjustments	Adjusted
Net service revenue	\$ 234,494		\$ 234,494
Reimbursable out-of-pocket expenses	115,651		115,651
Total revenue	350,145	-	350,145
<i>Cost and operating expenses:</i>			
Direct costs	135,530	(732) a	134,684
		(114) b	
Reimbursable out-of-pocket expenses	115,651		115,651
Selling, general and administrative	40,429	(936) a	39,493
Restructuring and other costs	(28)	28 c	-
Transaction expenses	403	(403) d	-
Asset impairment charges	-	- e	-
Depreciation and amortization of intangibles	13,819	(9,462) f	4,357
Total operating expenses	305,804	(11,619)	294,185
Income from operations	44,341	11,619	55,960
<i>Other income (expense), net:</i>			
Interest expense, net	(3,037)	-	(3,037)
Loss on extinguishment of debt	-	-	-
Other income, net	(1,003)	1,003 h	-
Total other expense, net	(4,040)	1,003	(3,037)
Income before provision for income taxes	40,301	12,622	52,923
Income tax expense	(2,487)	(16,565) i	(19,052)
Net income	\$ 37,814	(3,943)	\$ 33,871
Net income attributable to common stockholders	\$ 37,814	\$ (3,943)	\$ 33,871
Diluted net income per share	\$ 0.64		\$ 0.58
Diluted weighted average common shares outstanding	58,764		58,764
Adjusted EBITDA Reconciliation			
EBITDA	\$ 57,157		\$ 57,157
Other income, net		1,003 h	1,003
Restructuring and other costs		(28) c	(28)
Stock-based compensation and contingent consideration expense		1,782 a, b	1,782
Transaction expenses		403 d	403
Asset impairment charges		- e	-
Loss on extinguishment of debt		-	-
Adjusted EBITDA	\$ 57,157	\$ 3,160	\$ 60,317

Reconciliation of Adjusted Net Income & EBITDA

Nine Months Ended September 2015

Thousands, except per share data	Nine Months Ended September 30, 2015		
	GAAP	Adjustments	Adjusted
Net service revenue	\$ 673,384		\$ 673,384
Reimbursable out-of-pocket expenses	322,970		322,970
Total revenue	996,354	-	996,354
<i>Cost and operating expenses:</i>			
Direct costs	398,988	(1,468) a	397,074
		(446) b	
Reimbursable out-of-pocket expenses	322,970		322,970
Selling, general and administrative	113,354	(1,820) a	111,534
Restructuring and other costs	1,566	(1,566) c	-
Transaction expenses	922	(922) d	-
Asset impairment charges	3,931	(3,931) e	-
Depreciation and amortization of intangibles	41,956	(28,413) f	13,543
Total operating expenses	883,687	(38,566)	845,121
Income from operations	112,667	38,566	151,233
<i>Other income (expense), net:</i>			
Interest expense, net	(12,530)		(12,530)
Loss on extinguishment of debt	(9,795)	9,795 g	-
Other income, net	4,138	(4,138) h	-
Total other expense, net	(18,187)	5,657	(12,530)
Income before provision for income taxes	94,480	44,223	138,703
Income tax expense	(8,089)	(41,845) i	(49,934)
Net income	\$ 86,391	\$ 2,378	\$ 88,769
Net income attributable to common stockholders	\$ 86,391	\$ 2,378	\$ 88,769
Diluted net income per share	\$ 1.42		\$ 1.46
Diluted weighted average common shares outstanding	60,826		60,826
Adjusted EBITDA Reconciliation			
EBITDA	\$ 148,966		\$ 148,966
Other income, net		(4,138) h	(4,138)
Restructuring and other costs		1,566 c	1,566
Stock-based compensation and contingent consideration expense		3,734 a,b	3,734
Transaction expenses		922 d	922
Asset impairment charges		3,931 e	3,931
Loss on extinguishment of debt		9,795 g	9,795
Adjusted EBITDA	\$ 148,966	\$ 15,810	\$ 164,776

Reconciliation of Adjusted Net Income & EBITDA

Footnotes for Q3 & YTD 2015

- a. Represents share-based compensation expense related to awards granted under equity incentive plans.
- b. Represents contingent consideration expense incurred as a result of acquisitions and accounted for as compensation expense under GAAP. See Note 3 “Business Combinations” to our consolidated financial statements included in our Q3 2015 Form 10-Q.
- c. Restructuring and other costs consist of: (i) severance costs associated with a reduction of workforce in line with the Company’s expectations of future business operations and (ii) lease obligation and termination costs in connection with abandonment and closure of redundant facilities.
- d. Represents fees associated with the Company’s May and August 2015 registered secondary common stock offerings, debt placement and refinancing, and costs incurred in connection with business combinations and potential acquisitions and other corporate transactions.
- e. Represents impairment of goodwill and long-lived assets associated with the Company’s Phase I Services reporting unit.
- f. Represents the amortization of intangible assets primarily for customer relationships and backlog.
- g. Represents loss on extinguishment of debt associated with the Company’s May 2015 debt refinancing.
- h. Represents other income comprised primarily of foreign exchange gains and losses.
- i. In 2015 the Company’s effective tax rate has been adjusted in order to reflect the removal of the tax impact of its valuation allowances recorded against its deferred tax assets. Historically, the Company recorded a valuation allowance against some of its deferred tax assets, but believes that these valuation allowances cause significant fluctuations in its financial results that are not indicative of the Company’s underlying financial performance. Specifically, the majority of the Company’s revenue was generated in jurisdictions in which it recognized no tax expense or benefit due to changes in this valuation allowance. Income tax expense has also been adjusted for (i) the income tax effect of the non-GAAP adjustments made to arrive at Adjusted Net Income using the estimated effective tax rate of 36% and (ii) the elimination of a \$2.6 million benefit from the release of a reserve for a pre-acquisition uncertain tax position associated with Kendle, a company acquired in July 2011.

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended September 2014

Three Months Ended September 30, 2014					
Thousands, except per share data	GAAP	Adjustments	Adjusted (w/o CO)	Change Order Adj.	Adjusted
Net service revenue	\$ 207,763	\$ -	\$ 207,763	\$ (4,500) a	\$ 203,263
Reimbursable out-of-pocket expenses	90,861	-	90,861	-	90,861
Total revenue	298,624	-	298,624	(4,500)	294,124
<i>Cost and expenses:</i>					
Direct costs	129,557	(474) b	128,798	-	128,798
		(285) c			
Reimbursable out-of-pocket expenses	90,861	-	90,861	-	90,861
Selling, general and administrative	38,185	(407) b	37,641	-	37,641
		(137) d			
Restructuring and other costs	2,951	(2,951) e	-	-	-
Transaction expenses	-	-	-	-	-
Asset impairment charges	-	-	-	-	-
Depreciation and amortization of intangibles	14,331	(9,597) h	4,734	-	4,734
Total operating expenses	275,885	(13,851)	262,034	-	262,034
Income (loss) from operations	22,739	13,851	36,590	(4,500)	32,090
<i>Other income (expense), net:</i>					
Interest expense, net	(12,903)	-	(12,903)	-	(12,903)
Loss on extinguishment of debt	-	-	-	-	-
Other income (expense), net	5,136	(5,136) j	-	-	-
Total other expense, net	(7,767)	(5,136)	(12,903)	-	(12,903)
Income (loss) before provision for income taxes	14,972	8,715	23,687	(4,500)	19,187
Income tax (expense) benefit	(2,417)	(6,348) k	(8,765)	1,665 j	(7,100)
Net (loss) income	\$ 12,555	\$ 2,367	\$ 14,922	\$ (2,835)	\$ 12,087
Class C common stock dividends	(125)	125	-	-	-
Redemption of New Class C common stock	-	-	-	-	-
Net (loss) income attributable to common stockholders	\$ 12,430	\$ 2,492	\$ 14,922	\$ (2,835)	\$ 12,087
Diluted net (loss) income per share	\$ 0.24	-	\$ 0.28	-	\$ 0.23
Diluted weighted average common shares outstanding	52,514	-	52,514	-	52,514
Adjusted EBITDA Reconciliation					
EBITDA	\$ 42,206	-	\$ 42,206	-	\$ 42,206
Other income, net	-	(5,136) i	(5,136)	-	(5,136)
Restructuring and other costs	-	2,951 e	2,951	-	2,951
Stock-based compensation and contingent consideration expense	-	1,166 b, c	1,166	-	1,166
Debt refinancing expenses	-	-	-	-	-
Transaction expenses	-	-	-	-	-
Monitoring and advisory fees	-	137 d	137	-	137
Asset impairment charges	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-
Change order activity	-	-	-	(4,500) a	(4,500)
Adjusted EBITDA	\$ 42,206	\$ (882)	\$ 41,324	\$ (4,500)	\$ 36,824

Reconciliation of Adjusted Net Income & EBITDA

Nine Months Ended September 2014

Nine Months Ended September 30, 2014

Thousands, except per share data	GAAP	Adjustments	Adjusted (w/o CO)	Change Order Adj.	Adjusted
Net service revenue	\$ 596,003	\$ -	\$ 596,003	\$ (9,000) a	\$ 587,003
Reimbursable out-of-pocket expenses	255,141	-	255,141	-	255,141
Total revenue	851,144	-	851,144	(9,000)	842,144
<i>Cost and expenses:</i>					
Direct costs	381,102	(1,027) b	379,432	-	379,432
	-	(643) c	-	-	-
Reimbursable out-of-pocket expenses	255,141	-	255,141	-	255,141
Selling, general and administrative	104,332	(1,278) b	102,634	-	102,634
	-	(420) d	-	-	-
Restructuring and other costs	6,126	(6,126) e	-	-	-
Transaction expenses	2,042	(2,042) f	-	-	-
Asset impairment charges	17,245	(17,245) g	-	-	-
Depreciation and amortization of intangibles	39,965	(23,337) h	16,628	-	16,628
Total operating expenses	805,953	(52,118)	753,835	-	753,835
Income (loss) from operations	45,191	52,118	97,309	(9,000)	88,309
<i>Other income (expense), net:</i>					
Interest expense, net	(41,627)	-	(41,627)	-	(41,627)
Loss on extinguishment of debt	-	-	-	-	-
Other income (expense), net	6,177	(6,177) i	-	-	-
Total other expense, net	(35,450)	(6,177)	(41,627)	-	(41,627)
Income (loss) before provision for income taxes	9,741	45,941	55,682	(9,000)	46,682
Income tax (expense) benefit	16,569	(37,172) j	(20,603)	3,330 j	(17,273)
Net (loss) income	\$ 26,310	\$ 8,769	\$ 35,079	\$ (5,670)	\$ 29,409
Class C common stock dividends	(375)	375	-	-	-
Redemption of New Class C common stock	-	-	-	-	-
Net (loss) income attributable to common stockholders	\$ 25,935	\$ 9,144	\$ 35,079	\$ (5,670)	\$ 29,409
Diluted net (loss) income per share	\$ 0.50	-	\$ 0.67	-	\$ 0.56
Diluted weighted average common shares outstanding	52,215	-	52,215	-	52,215
Adjusted EBITDA Reconciliation					
EBITDA	\$ 91,333	\$ -	\$ 91,333	\$ -	\$ 91,333
Other income, net	-	(6,177) i	(6,177)	-	(6,177)
Restructuring and other costs	-	6,126 e	6,126	-	6,126
Stock-based compensation and contingent consideration expense	-	2,948 b, c	2,948	-	2,948
Debt refinancing expenses	-	1,763 f	1,763	-	1,763
Transaction expenses	-	279 f	279	-	279
Monitoring and advisory fees	-	420 d	420	-	420
Asset impairment charges	-	17,245 g	17,245	-	17,245
Loss on extinguishment of debt	-	-	-	-	-
Change order activity	-	-	-	(9,000) a	(9,000)
Adjusted EBITDA	\$ 91,333	\$ 22,604	\$ 113,937	\$ (9,000)	\$ 104,937

Reconciliation of Adjusted Net Income & EBITDA

Footnotes for Q3 & YTD 2014

- a. Net service revenue for the three and nine months ended September 30, 2014 has been adjusted by \$4.5 million and \$9.0 million, respectively, to remove the impact of the higher-than-normal change order activity.
- b. Represents share-based compensation expense related to awards granted under equity incentive plans.
- c. Represents contingent consideration expense incurred as a result of acquisitions and accounted for as compensation expense under GAAP. See Note 3 “Business Combinations” to our consolidated financial statements included in the Company’s Q3 2015 Form 10-Q.
- d. Represents monitoring and advisory fees paid to affiliates of Avista Capital Partners, L.P. in the periods prior to the initial public offering in November 2014, as well as reimbursements of expenses paid to affiliates of Avista Capital Partners, L.P. and affiliates of Teachers' Private Capital pursuant to the Expense Reimbursement Agreement. These arrangements were terminated upon completion of the Company’s initial public offering.
- e. Restructuring and other costs consists of: (i) severance costs associated with a reduction of workforce in line with the Company’s expectations of future business operations, and (ii) lease obligation and termination costs in connection with abandonment and closure of redundant facilities.
- f. Represents fees associated with the 2014 debt refinancing and the MEK acquisition.
- g. Represents impairment of goodwill and long-lived assets associated with our Phase I Services and Global Consulting reporting units.
- h. Represents the amortization of intangible assets primarily for customer relationships and backlog.
- i. Represents other income comprised primarily of foreign exchange gains and losses.
- j. In 2014, the Company’s effective tax rate has been adjusted, in order to reflect the removal of the tax impact of its valuation allowances recorded against its deferred tax assets and changes in the assertion to indefinitely reinvest the undistributed earnings of foreign subsidiaries. Historically, the Company recorded a valuation allowance against some of its deferred tax assets, but believes that these valuation allowances cause significant fluctuations in its financial results that are not indicative of its underlying financial performance. Specifically, the majority of the Company’s revenue was generated in jurisdictions in which it recognized no tax expense or benefit due to changes in this valuation allowance. Income tax expense has also been adjusted for the income tax effect of the non-GAAP adjustments made to arrive at Adjusted Net Income using the estimated effective tax rate of 37%.