INC Research
Q4 & Full Year 2016 Financial Results

February 28, 2017

Forward Looking Statements & Non-GAAP Financial Measures

Forward-Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this press release, including our 2017 guidance, 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: our ability to adequately price our contracts and not overrun cost estimates; general and international economic, political and other risks, including currency and stock market fluctuations and the uncertain economic environment in Europe as a result of the recent vote by the United Kingdom to exit from the European Union and the U.S. presidential election results and resulting foreign policy activities; 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; reliance on key personnel; our customer or therapeutic area concentration; 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, 2016 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 the following non-GAAP financial measures; 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 Income from Operations as income from operations excluding expenses and transactions that the Company believes are not representative of its core operations, namely, acquisition-related amortization, restructuring, CEO transition and other costs, transaction expenses, asset impairment charges, share-based compensation expense, and contingent consideration (related to acquisitions) and other expense, and U.K. R&D tax credit adjustments. The Company defines Adjusted Operating Margin as adjusted income from operations as a percentage of net service revenue.

The Company defines Adjusted Net Income (including Adjusted Diluted Earnings per Share) as net income (including diluted earnings per share) excluding the items excluded from adjusted income from operations mentioned previously, other expense (income), and loss on extinguishment of debt. 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, further adjusted to exclude certain expenses and transactions that the Company believes are not representative of its core operations, namely, restructuring, CEO transition and other costs, transaction expenses, asset impairment charges, share-based compensation expense, contingent consideration related to acquisitions and other, other (income) expense, and loss on extinguishment of debt. 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.

Each of 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 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 the Company’s business.

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. Also, other companies might calculate these measures differently. Investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures included on slides 18-22 in the appendix of this presentation.

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Q4 and FY 2016 Highlights

Key Operating Metrics – Normalized for One-Time Benefits

$M (except per share data)	Three Months Ended December 31			Twelve Months Ended December 31		
	2015	2016	%Change	2015	2016	%Change
Net New Business Awards	297.4	289.6	(2.6%)	1,176.5	1,224.1	4.0%
Book-to-Bill	1.2 x	1.1 x		1.3 x	1.2 x	
Book-to-Bill (TTM)	1.3 x	1.2 x		1.3 x	1.2 x	
Net Service Revenue	241.4	263.0	9.0%	914.7	1,030.3	12.6%
Adjusted Income from Operations [1]	52.0	59.3	14.0%	195.5	223.2	14.1%
Adjusted EBITDA [1]	56.6	65.4	15.5%	213.7	244.5	14.4%
Adjusted Net Income [1]	31.4	36.9	17.5%	115.2	139.0	20.6%
Adjusted Diluted EPS ($) [1]	0.54	0.67	24.1%	1.92	2.50	30.2%

$M	Dec 31, 2015	Dec 31, 2016	%Change
Backlog [2]	1,813	1,988	9.6%

1. These financials have been normalized to remove the impact of certain one-time benefits realized in the twelve months ended December 31, 2015. For a detailed reconciliation of these normalized results, please refer to slide 17 in the appendix of this presentation.
2. For a complete roll forward of backlog for the 4 quarters ended December 31, 2016, including the impact of foreign currency fluctuations, please refer to slide 8.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 18-22 in the appendix of this presentation.

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Q4 and FY 2016 Income Statements
Adjusted Basis – Normalized for One-Time Benefits

$M (except per share data)	Three Months Ended December 31			Twelve Months Ended December 31		
	2015	2016	% Change	2015	2016	% Change
Net Service Revenue	$ 241.4	$ 263.0	9.0%	$ 914.7	$ 1,030.3	12.6%
Direct Costs	142.5	155.5	9.1%	546.2	620.9	13.7%
Gross Profit	98.9	107.5	8.7%	368.6	409.4	11.1%
Gross Profit Margin	*41.0%*	*40.9%*	*-10 bps*	*40.3%*	*39.7%*	*-60 bps*
Selling, General and Administrative	42.3	42.1	(0.4%)	154.9	164.9	6.5%
Depreciation	4.6	6.1	32.6%	18.1	21.4	17.7%
Income from Operations	52.0	59.3	14.0%	195.5	223.2	14.1%
Income from Operations Margin	*21.5%*	*22.5%*	*+100 bps*	*21.4%*	*21.7%*	*+30 bps*
Interest Expense, net	(2.9)	(2.6)	(10.1%)	(15.4)	(11.8)	(23.6%)
Income before Provision for Income Taxes	49.1	56.6	15.4%	180.1	211.4	17.4%
Income Tax Expense	(17.7)	(19.7)	11.8%	(64.8)	(72.3)	11.6%
Net Income	$ 31.4	$ 36.9	17.5%	$ 115.2	$ 139.0	20.6%
Diluted EPS	$ 0.54	$ 0.67	24.1%	$ 1.92	$ 2.50	30.2%
EBITDA	$ 56.6	$ 65.4	15.5%	$ 213.7	$ 244.5	14.4%
EBITDA Margin	*23.4%*	*24.9%*	*+150 bps*	*23.4%*	*23.7%*	*+30 bps*

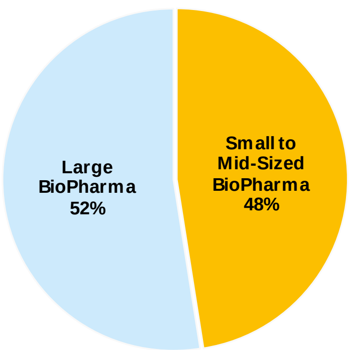
Note: Due to rounding of specific line items, line item figures might not sum to subtotals.
These financial results have been normalized to remove the impact of certain one-time benefits realized in the twelve months ended December 31, 2015. For a detailed reconciliation of these normalized results, please refer to slide 17 in the appendix of this presentation.
For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 18-22 in the appendix of this presentation.

Diversified Customer Base

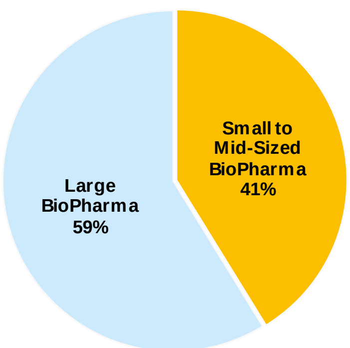
- We have a diversified, loyal customer base that includes many of the top 50 biopharmaceutical companies.
- We were awarded clinical trials from 19 new customers in Q4 2016.

Customer Profile

2016 Revenue

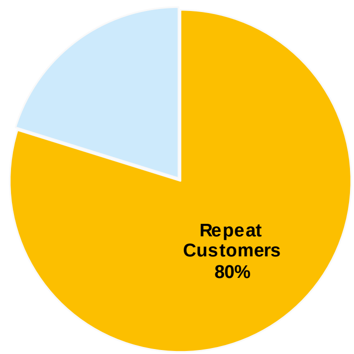


2015 Revenue

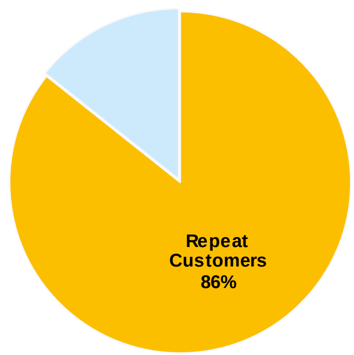


Customer Loyalty

2016 New Business Awards

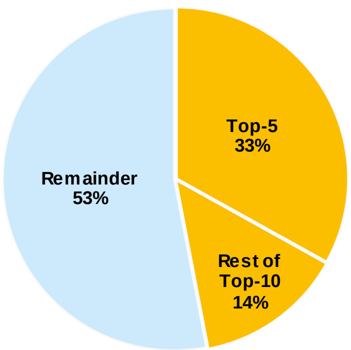


2015 New Business Awards

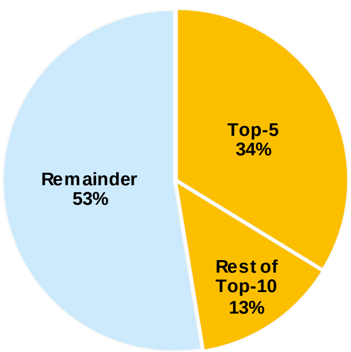


Limited Customer Concentration

2016 Revenue



2015 Revenue



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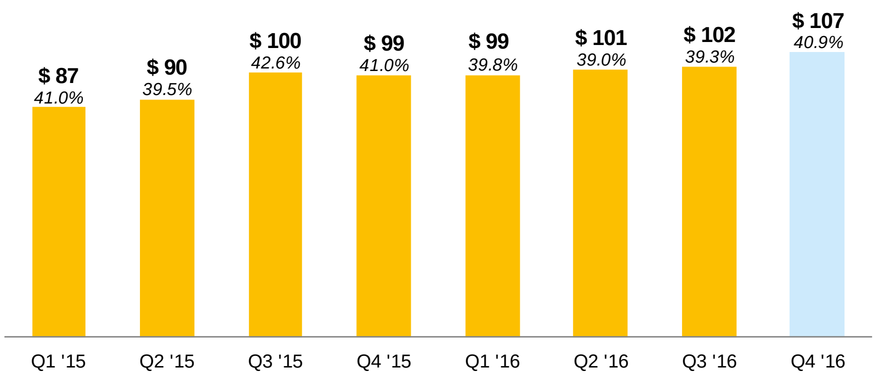
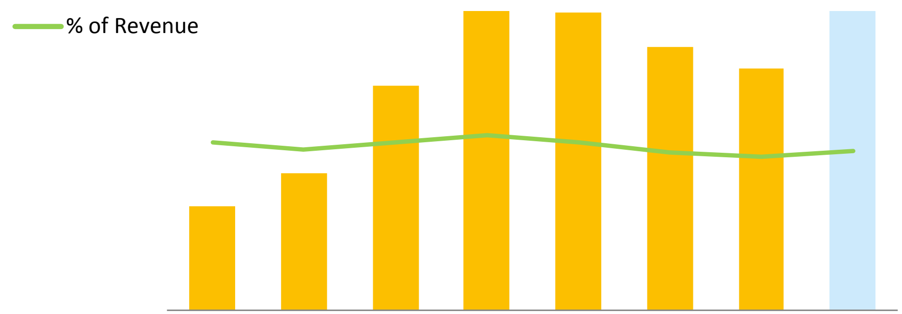
Historical Trends – Margin and SG&A Expenses
Key Metrics

Adjusted Gross Profit ($M) *(+ Margin %)* [1,2,3]

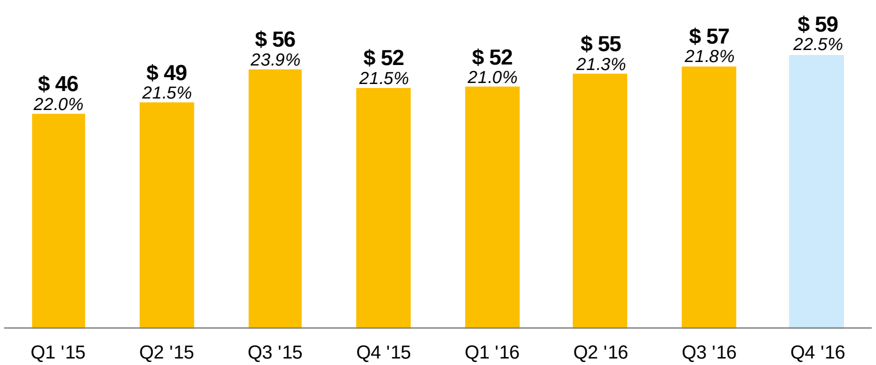


Adjusted SG&A ($M) *(+ % of Revenue)* [1,3]

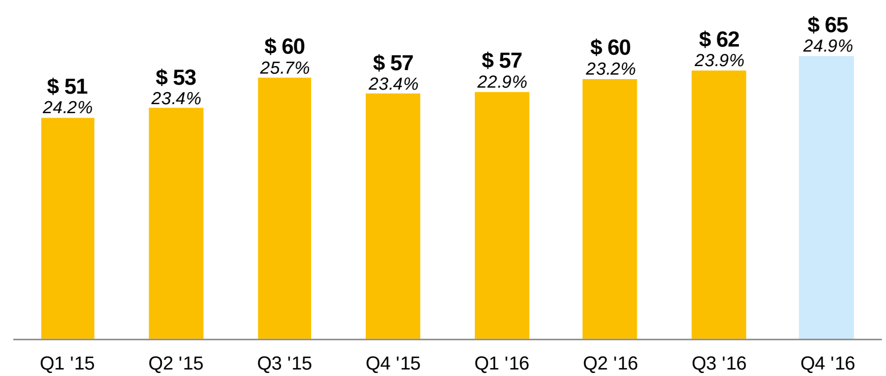


	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
SG&A	$ 35	$ 37	$ 39	$ 42	$ 42	$ 41	$ 40	$ 42
% of Revenue	16.8%	16.1%	16.8%	17.5%	16.8%	15.8%	15.4%	16.0%

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 $1.7M, Adjusted SG&A by $1.1M, Adjusted Income from Operations by $2.8M, and Adjusted EBITDA by $2.8M.
2. One-time benefits in Q3 2015 favorably impacted Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA by $4.9M.
3. For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 18-22 in the appendix of this presentation.

Cash Flow and Leverage Profile

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$M	Three Months Ended December 31		Twelve Months Ended December 31	
	2015	2016	2015	2016
Cash Flow from Operations	63.6	14.2	204.7	109.3
Less: Capital Expenditures	9.5	14.5	21.1	31.4
Free Cash Flow [1]	54.1	(0.3)	183.6	78.0
Adjusted EBITDA	56.6	65.4	221.4	244.5

$M (except ratios)	Dec 31, 2015	Dec 31, 2016
Cash	85.0	102.5
Total Debt [2]	505.0	500.0
Net Debt	420.0	397.5
Net Leverage [3]	*1.9 x*	*1.6 x*
Total Net DSO [4]	(3.0)	24.4

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

1. We calculate free cash flow as cash flow from operations less capital expenditures.
2. Total Debt excludes outstanding letters of credit, which were $0.8 and $0.7 million as of 12/31/15 and 12/31/16, respectively.
3. We calculate net leverage as net debt as of the date presented, divided by trailing twelve month adjusted EBITDA of $221.4M for 12/31/15 and $244.5M for 12/31/16.
4. For DSO trend information, please refer to slides 13 and 14 in the appendix of this presentation.

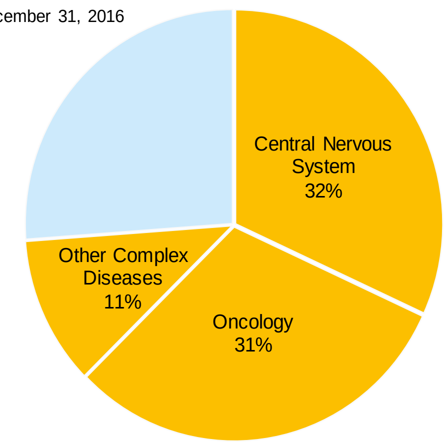
Backlog Should Support Long-Term Growth

Backlog Roll Forward ($M)

	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Beginning Backlog	$ 1,813	$ 1,874	$ 1,909	$ 1,983
+ Acquired Backlog	-	-	-	-
+ Net Awards	302	302	330	290
- Revenue, as reported	(249)	(259)	(260)	(263)
+ FX Adjustment	7	(8)	4	(22)
Ending Backlog	**$ 1,874**	**$ 1,909**	**$ 1,983**	**$ 1,988**

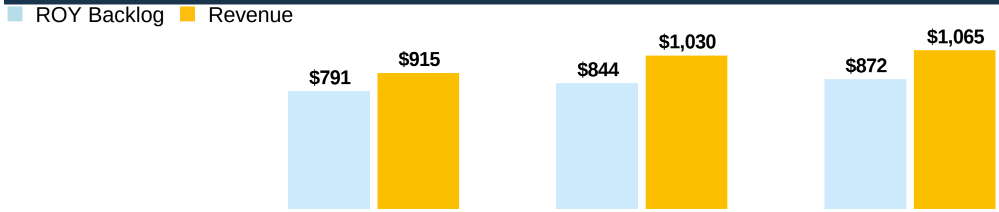
Backlog by Therapeutic Area[3]

As of December 31, 2016



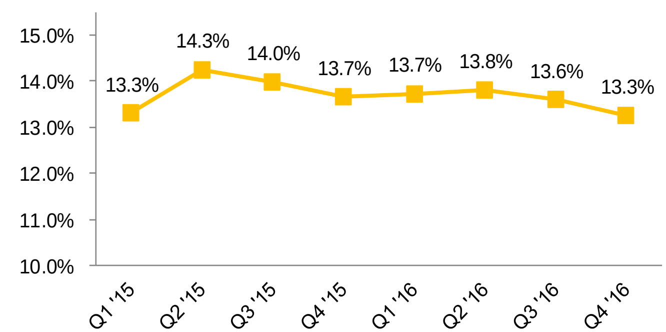
CNS, Oncology, and Other Complex Diseases = 74% of Backlog

Backlog Coverage ($M)



	2015A	2016A	2017E
Backlog as of	12/31/14	12/31/15	12/31/16
Coverage Ratio	**86.5%**	**81.9%**	**81.9%**
YoY Revenue Growth	13.0%	12.6%	3.4%

Backlog Burn Rate[2]



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

1. 2017 revenue estimate represents the mid-point of the updated guidance range on slide 9 of this presentation.
2. Backlog burn represents current quarter net revenue divided by previous quarter ending backlog.
3. CNS was updated during Q2 2016 to include Ophthalmology as a complex disease area.

Full Year 2017 Guidance

Financial Measurement	Guidance Range	Growth Rate[2]
Net Service Revenue[1]	$ 1,030.0 - 1,100.0M	0.0 - 6.8%
Adjusted Net Income	$ 146.5 - 153.5M	5.4 - 10.4%
Adjusted Diluted EPS	$ 2.63 - 2.75	5.2 - 10.0%
GAAP Diluted EPS	$ 1.94 - 2.10	(4.4) - 3.4%

Note: Financial guidance takes into account a number of factors, including our sales pipeline, existing backlog and our expectations for net awards, current foreign currency exchange rates, current interest rates, and our expected tax rate, and does not take into account the effects of any future stock repurchases.

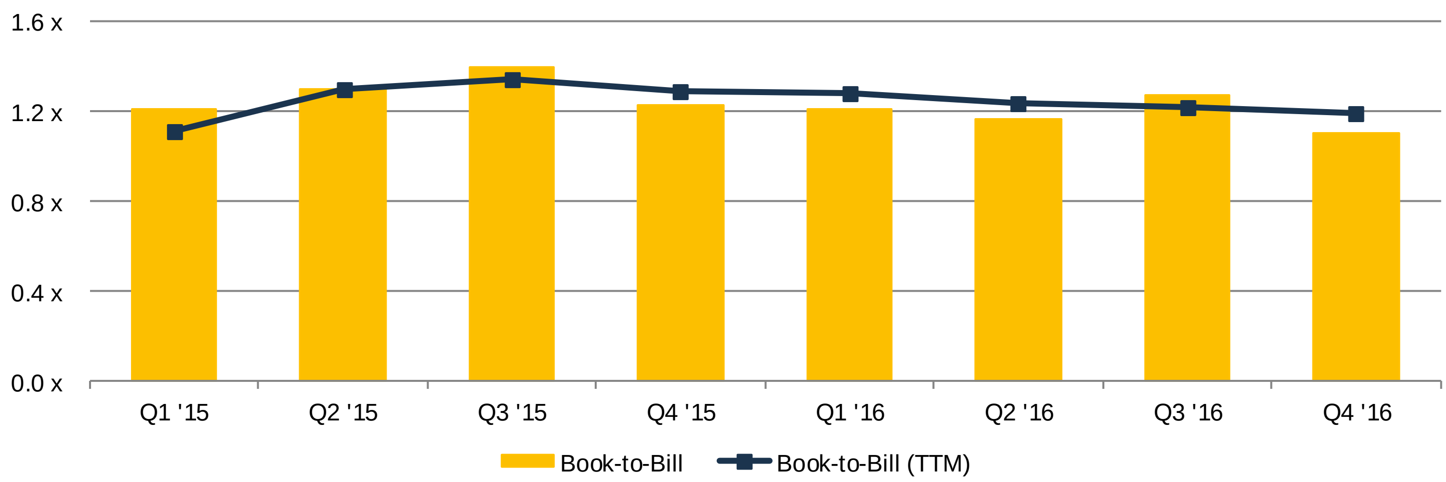
1. Guidance for Net Service Revenue includes foreign exchange headwind of approximately $15.0M (a negative impact of approximately 150 basis points) resulting in a constant currency growth rate of approximately 1.5– 8.2%.
2. 2017 growth rates are based on adjusted 2016 financials, with the exception of GAAP Diluted EPS.

For a reconciliation of GAAP Net Income and diluted earnings per share to Non-GAAP Net Income and diluted earnings per share, please refer to slide 15 in the appendix of this presentation.

Appendix

Book to Bill Trend

Net Book-to-Bill Ratio

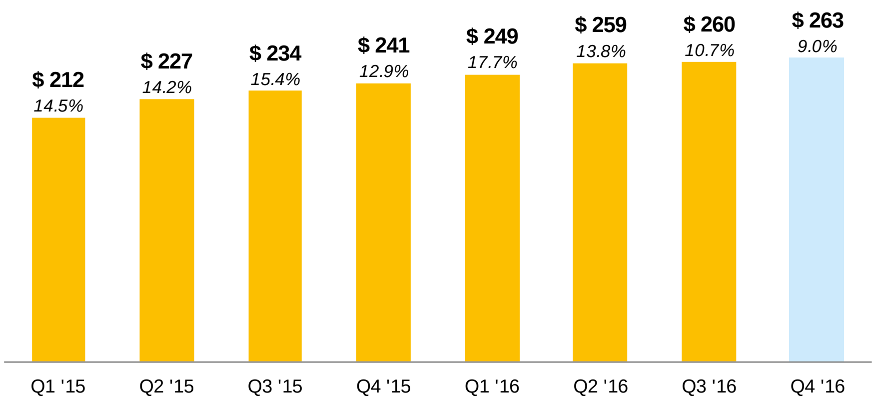


Quarterly	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Net New Business Awards ($M)	255.5	295.9	327.7	297.4	302.4	302.1	330.1	289.6
Net Service Revenue ($M)	211.5	227.4	234.5	241.4	249.0	258.8	259.6	263.0
Book-to-Bill Ratio	**1.2 x**	**1.3 x**	**1.4 x**	**1.2 x**	**1.2 x**	**1.2 x**	**1.3 x**	**1.1 x**

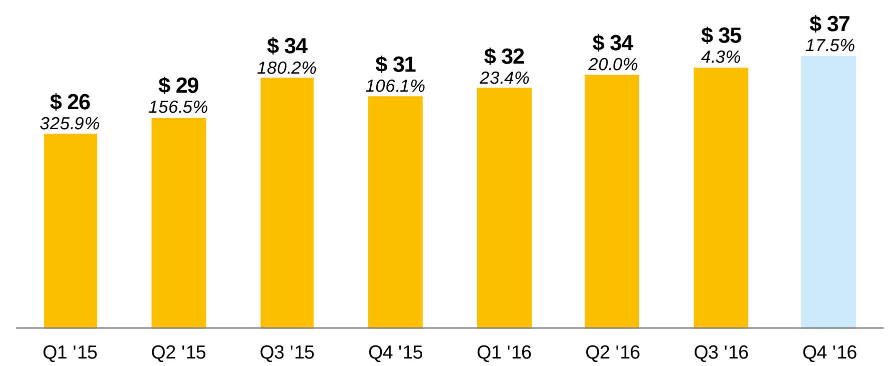
TTM	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Net New Business Awards (TTM) ($M)	924.4	1,116.9	1,195.4	1,176.5	1,223.4	1,229.6	1,231.9	1,224.1
Net Service Revenue (TTM) ($M)	836.5	860.4	887.1	914.7	952.2	983.7	1,008.7	1,030.3
Book-to-Bill Ratio (TTM)	**1.1 x**	**1.3 x**	**1.3 x**	**1.3 x**	**1.3 x**	**1.2 x**	**1.2 x**	**1.2 x**

Historical Financial Performance Trends
Key Metrics

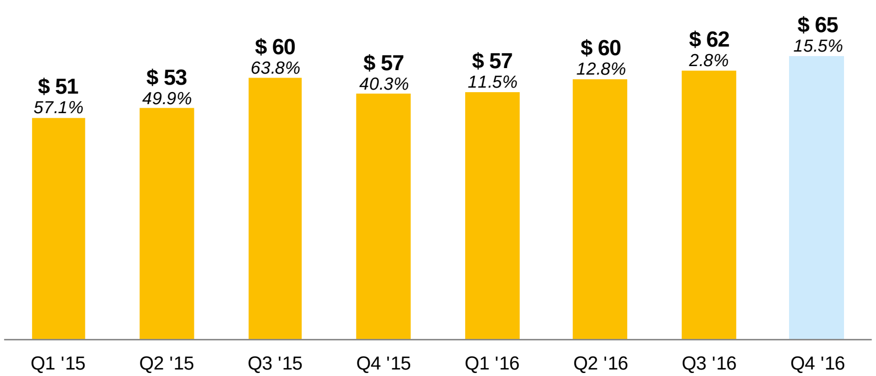
Net Service Revenue ($M) *(+ YoY growth)*



Adjusted Net Income ($M) *(+ YoY growth)* [1,2]



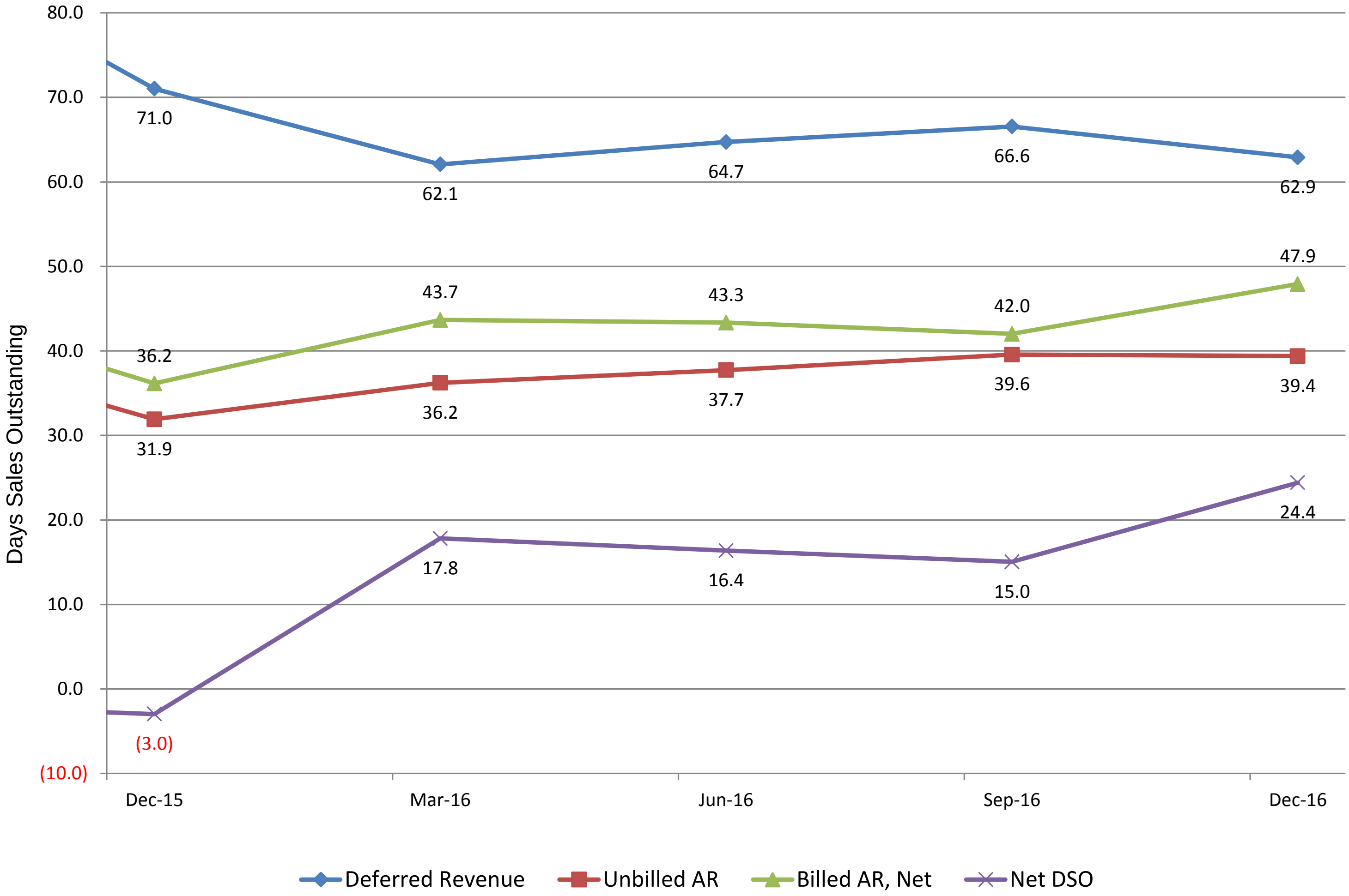
Adjusted EBITDA ($M) *(+ YoY growth)* [1,2]



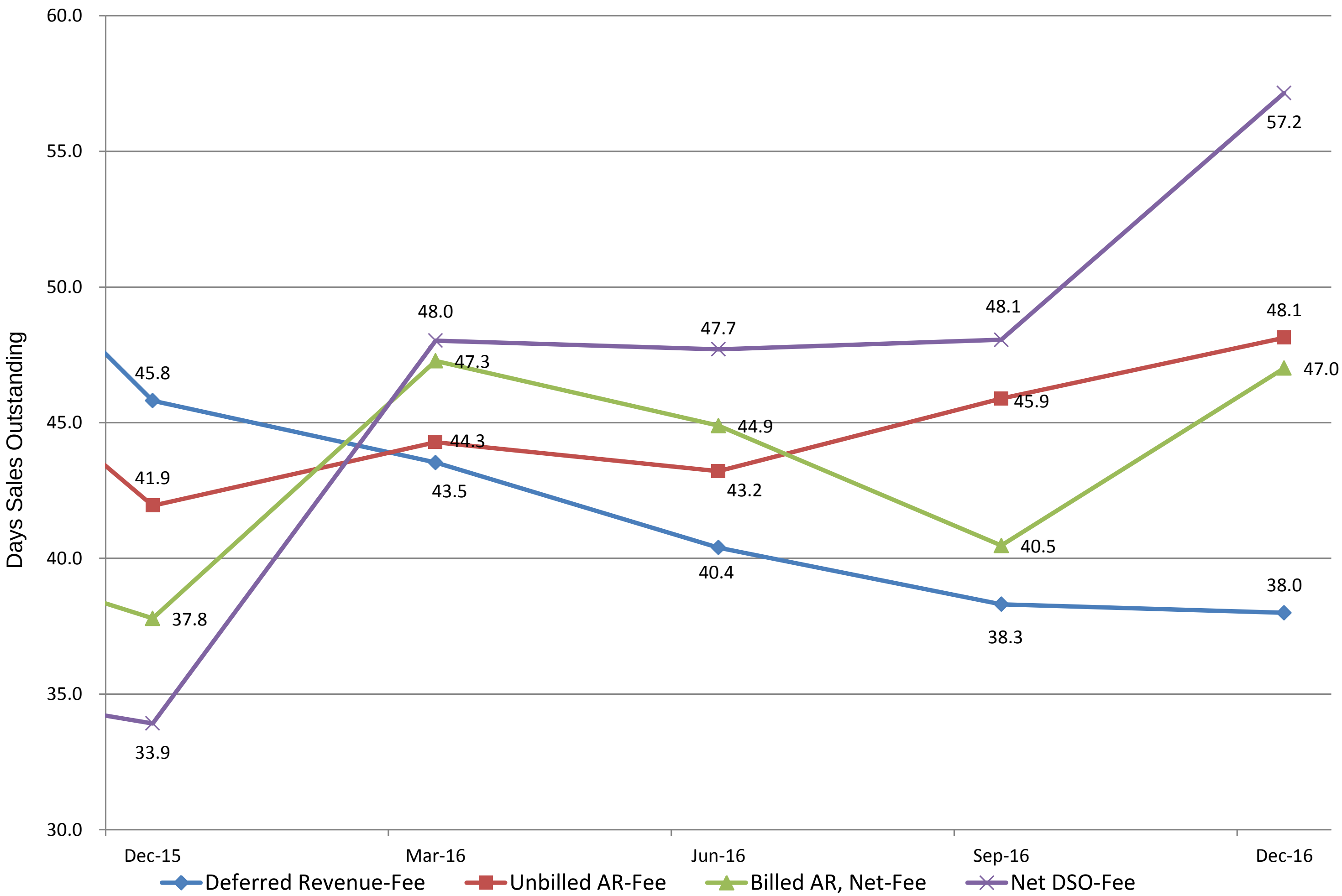
1. One-time benefits in Q1 2015 favorably impacted Adjusted EBITDA by $2.8M and Adjusted Net Income, net of tax of 36%, by $1.8M.
2. One-time benefits in Q3 2015 favorably impacted Adjusted EBITDA by $4.9M and Adjusted Net Income, net of tax of 36%, by $3.2M.

For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 18-22 in the appendix of this presentation. For the normalized income statement for the twelve months ended December 31, 2015, please refer to slide 17 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 2017 Guidance Reconciliation

$M (except per share data)	Adjusted Net Income		Adjusted Diluted Earnings Per Share	
	Low	High	Low	High
Net income and diluted earnings per share	**$ 108.0**	**$ 117.0**	**$ 1.94**	**$ 2.10**
Adjustments:				
Amortization [1]	28.5	28.5		
Share-based compensation expense [1]	24.4	24.4		
Restructuring, CEO transition and other costs [1]	5.5	5.5		
Other [1]	1.2	1.6		
Income tax effect of share-based compensation [2]	(8.6)	(8.6)		
Income tax effect of above adjustments [3]	(12.5)	(14.9)		
Adjusted net income and adjusted diluted earnings per share	**$ 146.5**	**$ 153.5**	**$ 2.63**	**$ 2.75**

1. Amounts are estimates with an estimated range of +/- 5% and are presented gross without the benefit of income tax reduction.
2. Income tax effect of share-based compensation is calculated using the statutory rates applicable to the tax jurisdictions of the applicable deduction, plus the amount of discrete tax adjustments related to excess tax benefits on share-based payments as a result of share-based payments activity.
3. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 32%. This adjustment also excludes any unusual tax impacts during the period.

Reconciliation of Share-based Compensation

Fourth Quarter, FY 2016 and 2017 Guidance

$M	Q4 2016	FY 2016	Guidance	
Share-based Compensation Expense:				
Direct Costs	$ 2.1	$ 6.6	$ 11.6	
SG&A Expense	2.5	7.5	12.8	
Total Share-based Compensation	4.6	14.1	24.4	
Tax Impact of Share-based Compensation	(1.6)	(4.9)	(8.6)	a
Share-based Compensation, Net of Tax - Non-GAAP Impact	**3.0**	**9.2**	**15.9**	
Excess Income Tax Benefit from Share-based Transactions	(0.3)	(12.9)	-	b
Total Share-based Compensation, Net of Tax - GAAP Impact	**$ 2.7**	**$ (3.7)**	**$ 15.9**	

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

a. Tax-effected at the blended statutory rate applicable to the recorded deduction.

b. Tax-effected at the blended statutory rate applicable to the excess deduction. Amount included in Guidance does not include any forecasted benefit.

Full Year 2015 Income Statement
Adjusted Basis – Normalized for One-Time Benefits

$M (except per share data)	Twelve Months Ended December 31, 2015 Non-GAAP	One-Time Benefits		Normalized
Net Service Revenue	$ 914.7	$ -		$ 914.7
Direct Costs	539.6	6.6	a	546.2
Gross Profit	375.2	(6.6)		368.6
Gross Profit Margin	*41.0%*	*(0.7%)*		*40.3%*
Selling, General and Administrative	153.8	1.1	a	154.9
Depreciation	18.1	-		18.1
Income from Operations	203.2	(7.7)		195.5
Income from Operations Margin	*22.2%*	*(0.8%)*		*21.4%*
Interest Expense, net	(15.4)	-		(15.4)
Income before Provision for Income Taxes	187.8	(7.7)		180.1
Income Tax Expense	(67.6)	2.8	b	(64.8)
Net Income	$ 120.2	$ (4.9)		$ 115.2
Diluted EPS	$ 2.00	$ (0.08)		$ 1.92
EBITDA	$ 221.4	$ (7.7)		$ 213.7
EBITDA Margin	*24.2%*	*(0.8%)*		*23.4%*

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

a. 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. 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 net result is a $6.6M total adjustment to gross profit and a $1.1M total adjustment to SG&A for the full year.

b. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 36%.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 18-22 in the appendix of this presentation.

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Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended December 2016

	Three Months Ended December 31, 2016						
Thousands, except per share data		GAAP		Adjustments			Adjusted
Net service revenue	$	262,979	$	-		$	262,979
Reimbursable out-of-pocket expenses		143,092		-			143,092
Total revenue		406,071		-			406,071
Cost and operating expenses:							
Direct costs		155,437		(2,149)	a		155,526
				(290)	b		
				2,528	c		
Reimbursable out-of-pocket expenses		143,092		-			143,092
Selling, general and administrative		44,568		(2,467)	a		42,101
Restructuring, CEO transition and other costs		3,329		(3,329)	d		-
Transaction expenses		286		(286)	e		-
Asset impairment charges		-		-	f		-
Depreciation and amortization		15,559		(9,463)	g		6,096
Total operating expenses		362,271		(15,456)			346,815
Income from operations		43,800		15,456			59,256
Other income (expense), net:							
Interest expense, net		(2,622)		-			(2,622)
Loss on extinguishment of debt		-		-	h		-
Other income (expense), net		1,759		(1,759)	i		-
Total other income (expense), net		(863)		(1,759)			(2,622)
Income before provision for income taxes		42,937		13,697			56,634
Income tax expense		(5,446)		(14,295)	j		(19,741)
Net income	**$**	**37,491**	**$**	**(598)**		**$**	**36,893**
Diluted earnings per share	$	0.68				$	0.67
Diluted weighted average common shares outstanding		54,932					54,932

Adjusted EBITDA Reconciliation							
EBITDA	$	61,118				$	61,118
Other expense, net				(1,759)	i		(1,759)
Restructuring, CEO transition and other costs				3,329	d		3,329
Share-based compensation				4,616	a		4,616
Contingent consideration and other				290	b		290
Transaction expenses				286	e		286
Asset impairment charges				-	f		-
Loss on extinguishment of debt				-	h		-
R&D Tax Credit adjustment				(2,528)	c		(2,528)
Adjusted EBITDA	**$**	**61,118**	**$**	**4,234**		**$**	**65,352**

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Reconciliation of Adjusted Net Income & EBITDA

Twelve Months Ended December 2016

Thousands, except per share data	Twelve Months Ended December 31, 2016 GAAP		Adjustments			Adjusted	
Net service revenue	$	1,030,337	$	-		$	1,030,337
Reimbursable out-of-pocket expenses		580,259		-			580,259
Total revenue		1,610,596		-			1,610,596
Cost and operating expenses:							
Direct costs		626,633		(6,551)	a		620,914
				(1,696)	b		
				2,528	c		
Reimbursable out-of-pocket expenses		580,259		-			580,259
Selling, general and administrative		172,386		(7,469)	a		164,917
Restructuring, CEO transition and other costs		13,612		(13,612)	d		-
Transaction expenses		3,143		(3,143)	e		-
Asset impairment charges		-		-	f		-
Depreciation and amortization		59,204		(37,851)	g		21,353
Total operating expenses		1,455,237		(67,794)			1,387,443
Income from operations		155,359		67,794			223,153
Other income (expense), net:							
Interest expense, net		(11,800)		-			(11,800)
Loss on extinguishment of debt		(439)		439	h		-
Other income (expense), net		(9,002)		9,002	i		-
Total other income (expense), net		(21,241)		9,441			(11,800)
Income before provision for income taxes		134,118		77,235			211,353
Income tax expense		(21,488)		(50,858)	j		(72,346)
Net income	**$**	**112,630**	**$**	**26,377**		**$**	**139,007**
Diluted earnings per share	$	2.03				$	2.50
Diluted weighted average common shares outstanding		55,610					55,610
Adjusted EBITDA Reconciliation							
EBITDA	$	205,122				$	205,122
Other expense, net				9,002	i		9,002
Restructuring, CEO transition and other costs				13,612	d		13,612
Share-based compensation				14,020	a		14,020
Contingent consideration and other				1,696	b		1,696
Transaction expenses				3,143	e		3,143
Asset impairment charges				-	f		-
Loss on extinguishment of debt				439	h		439
R&D Tax Credit adjustment				(2,528)	c		(2,528)
Adjusted EBITDA	**$**	**205,122**	**$**	**39,384**		**$**	**244,506**

Reconciliation of Adjusted Net Income & EBITDA
Three Months Ended December 2015

	Three Months Ended December 31, 2015						
Thousands, except per share data		GAAP		Adjustments			Adjusted
Net service revenue	$	241,356	$	-		$	241,356
Reimbursable out-of-pocket expenses		161,529		-			161,529
Total revenue		402,885		-			402,885
Cost and operating expenses:							
Direct costs		143,416		(814)	a		142,489
				(113)	b		
				-	c		
Reimbursable out-of-pocket expenses		161,529		-			161,529
Selling, general and administrative		43,255		(972)	a		42,283
Restructuring, CEO transition and other costs		219		(219)	d		-
Transaction expenses		715		(715)	e		-
Asset impairment charges		-		-	f		-
Depreciation and amortization		14,058		(9,461)	g		4,597
Total operating expenses		363,192		(12,294)			350,898
Income from operations		39,693		12,294			51,987
Other income (expense), net:							
Interest expense, net		(2,918)		-			(2,918)
Loss on extinguishment of debt		-		-	h		-
Other income (expense), net		(281)		281	i		-
Total other income (expense), net		(3,199)		281			(2,918)
Income before provision for income taxes		36,494		12,575			49,069
Income tax expense		(5,838)		(11,826)	j		(17,664)
Net income	**$**	**30,656**	**$**	**749**		**$**	**31,405**
Diluted earnings per share	$	0.53				$	0.54
Diluted weighted average common shares outstanding		58,010					58,010
Adjusted EBITDA Reconciliation							
EBITDA	$	53,470				$	53,470
Other expense, net				281	i		281
Restructuring, CEO transition and other costs				219	d		219
Share-based compensation				1,786	a		1,786
Contingent consideration and other				113	b		113
Transaction expenses				715	e		715
Asset impairment charges				-	f		-
Loss on extinguishment of debt				-	h		-
R&D Tax Credit adjustment				-	c		-
Adjusted EBITDA	**$**	**53,470**	**$**	**3,114**		**$**	**56,584**

Reconciliation of Adjusted Net Income & EBITDA

Twelve Months Ended December 2015

Thousands, except per share data	Twelve Months Ended December 31, 2015 GAAP	Adjustments		Adjusted
Net service revenue	$ 914,740	$ -		$ 914,740
Reimbursable out-of-pocket expenses	484,499	-		484,499
Total revenue	1,399,239	-		1,399,239
Cost and operating expenses:				
Direct costs	542,404	(2,282)	a	539,563
		(559)	b	
		-	c	
Reimbursable out-of-pocket expenses	484,499	-		484,499
Selling, general and administrative	156,609	(2,792)	a	153,817
Restructuring, CEO transition and other costs	1,785	(1,785)	d	-
Transaction expenses	1,637	(1,637)	e	-
Asset impairment charges	3,931	(3,931)	f	-
Depreciation and amortization	56,014	(37,874)	g	18,140
Total operating expenses	1,246,879	(50,860)		1,196,019
Income from operations	152,360	50,860		203,220
Other income (expense), net:				
Interest expense, net	(15,448)			(15,448)
Loss on extinguishment of debt	(9,795)	9,795	h	-
Other income (expense), net	3,857	(3,857)	i	-
Total other income (expense), net	(21,386)	5,938		(15,448)
Income before provision for income taxes	130,974	56,798		187,772
Income tax expense	(13,927)	(53,671)	j	(67,598)
Net income	**$ 117,047**	**$ 3,127**		**$ 120,174**
Diluted earnings per share	$ 1.95			$ 2.00
Diluted weighted average common shares outstanding	60,146			60,146

Adjusted EBITDA Reconciliation	GAAP	Adjustments		Adjusted
EBITDA	$ 202,436			$ 202,436
Other expense, net		(3,857)	i	(3,857)
Restructuring, CEO transition and other costs		1,785	d	1,785
Share-based compensation		5,074	a	5,074
Contingent consideration and other		559	b	559
Transaction expenses		1,637	e	1,637
Asset impairment charges		3,931	f	3,931
Loss on extinguishment of debt		9,795	h	9,795
R&D Tax Credit adjustment		-	c	-
Adjusted EBITDA	**$ 202,436**	**$ 18,924**		**$ 221,360**

Reconciliation of Adjusted Net Income & EBITDA

Footnotes for Q4 & FY 2016 and Q4 & FY 2015

a. Represents non-cash share-based compensation expense related to awards granted under equity incentive plans.

b. Represents contingent consideration expense incurred as a result of acquisitions and other expenses accounted for as compensation expense under GAAP.

c. Represents additional research and development tax credits in certain international locations for expenses incurred during 2016 and recorded as a reduction of direct costs. The Company has not received similar level of research and development credits in prior years as the associated costs did not qualify. Accordingly, the Company has excluded these expenses for 2016.

d. Restructuring, CEO transition 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, (ii) transition costs associated with the transition of the Company's new Chief Executive Officer, (iii) legal and consulting costs incurred for the continued consolidation of legal entities and restructuring of the Company's contract financial process to meet the requirements of upcoming accounting regulation changes, and (iv) lease obligation and termination costs in connection with abandonment and closure of redundant facilities.

e. Represents fees associated with stock repurchases, debt placement and refinancings and other corporate transactions.

f. Represents impairment of goodwill and long-lived assets associated with the Company's Phase I Services reporting unit.

g. Represents the amortization of intangible assets primarily for customer relationships and backlog.

h. Represents loss on extinguishment of debt associated with the debt refinancing activities in May 2015 and August 2016.

i. Represents other (income) expense comprised primarily of foreign exchange gains and losses.

j. Adjustment for the income tax effect of the non-GAAP adjustments made to arrive at adjusted net income using the full year estimated effective tax rate of approximately 34% in 2016 and 36% in 2015, 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 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.