MEDPACE

Q1 2017 Financial Results

May 1, 2017

Forward Looking Statements & Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding our anticipated financial results and effective tax rate used for non-GAAP adjustment purposes. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” similar expressions, and variations or negatives of these words.

These forward-looking statements are based on management’s current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: the potential loss, delay or non-renewal of our contracts, or the non-payment by customers for services we have performed; the failure to convert backlog to revenue at our present or historical conversion rate; fluctuation in our results between fiscal quarters and years; decreased operating margins due to increased pricing pressure or other pressures; failure to perform our services in accordance with contractual requirements, government regulations and ethical considerations; the impact of underpricing our contracts, overrunning our cost estimates or failing to receive approval for or experiencing delays with documentation of change orders; our failure to successfully execute our growth strategies; the impact of a failure to retain key personnel or recruit experienced personnel; the risks associated with our information systems infrastructure; our failure to manage our growth effectively; adverse results from customer or therapeutic area concentration; the risks associated with doing business internationally; the risks associated with the Foreign Corrupt Practices Act and other anti-corruption laws; future net losses; the impact of income tax rate fluctuations on operations, earnings and earnings per share; the risks associated with our intercompany pricing policies; our failure to attract suitable investigators and patients to our clinical trials; the liability risks associated with our research and development services; the risks related to our Phase I clinical services; inadequate insurance coverage for our operations and indemnification obligations; fluctuations in exchange rates; the risks related to our relationships with existing or potential customers who are in competition with each other; our failure to successfully integrate potential future acquisitions; potential impairment of goodwill or other intangible assets; our limited ability to utilize our net operating loss carryforwards or other tax attributes; the risks associated with the use and disposal of hazardous substances and waste; the failure of third parties to provide us critical support services; our limited ability to protect our intellectual property rights; the risks associated with potential future investments in our customers’ business or drugs; general economic conditions in the markets in which we operate, including financial market conditions; the impact of a natural disaster or other catastrophic event; negative outsourcing trends in the biopharmaceutical industry and a reduction in aggregate expenditures and research and development budgets; our inability to compete effectively with other CROs; the impact of healthcare reform; the impact of recent consolidation in the biopharmaceutical industry; failure to comply with federal, state and foreign healthcare laws; the effect of current and proposed laws and regulations regarding the protection of personal data; our potential involvement in costly intellectual property lawsuits; actions by regulatory authorities or customers to limit the scope of or withdraw an approved drug, biologic or medical device from the market; failure to keep pace with rapid technological changes; the impact of industry-wide reputational harm to CROs; our ability to fulfill our debt obligations; the risks associated with incurring additional debt or undertaking additional debt obligations; the effect of covenant restrictions under our debt agreements on our ability to operate our business; our inability to generate sufficient cash to service all of our indebtedness; fluctuations in interest rates; and our dependence on our lenders, which may not be able to fund borrowings under the credit commitments, and our inability to borrow.

These and other important factors discussed under the caption “Risk Factors” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on February 28, 2017, and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this presentation. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. Any such forward-looking statements represent management’s estimates as of the date of this presentation. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

Non-GAAP Financial Measures

Certain financial measures presented in this presentation, such as EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (including Adjusted Net Income per diluted share) and Free Cash Flow, are not recognized under generally accepted accounting principles in the United States of America, or U.S. GAAP. Management uses EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (including Adjusted Net Income per diluted share) and Free Cash Flow or comparable metrics as a measurement used in evaluating our operating performance on a consistent basis, as a consideration to assess incentive compensation for our employees, for planning purposes, including the preparation of our internal annual operating budget, and to evaluate the performance and effectiveness of our operational strategies.

We believe that EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin are useful to provide additional information to investors about certain material non-cash and non-recurring items. While we believe these financial measures are commonly used by investors to evaluate our performance and that of our competitors, because not all companies use identical calculations, this presentation of EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin may not be comparable to other similarly titled measures of other companies and should not be considered as an alternative to performance measures derived in accordance with U.S. GAAP. EBITDA is calculated as net income (loss) attributable to Medpace Holdings, Inc. before income tax expense, interest expense, net, depreciation and amortization with Adjusted EBITDA being further adjusted for unusual and other items. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Service revenue, net for each period. Our presentation of EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We utilize Free Cash Flow as a measure of profitability and an assessment of our ability to generate cash. Free Cash Flow is a commonly utilized metric that companies provide to investors, although the calculation of Free Cash Flow may not be comparable to other similarly titled metrics of other companies and should not be considered as an alternative to cash flow measures derived in accordance with U.S. GAAP. We define Free Cash Flow as net cash provided by operating activities, less capital expenditures and the principal portion of payments related to campus leases classified for accounting purposes as deemed landlord liabilities.

Adjusted Net Income (including Adjusted Net Income per diluted share) measures our operating performance by adjusting net income (loss) attributable to Medpace Holdings, Inc. to include cash expenditures related to rental payments on leases classified for accounting purposes as deemed landlord liabilities, and exclude amortization expense, certain stock based compensation award non-cash expenses, certain litigation expenses, deferred financing fees and certain other non-recurring items. Management uses this measure to evaluate our core operating results as it excludes certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of the business, but includes certain items such as depreciation, interest expense and tax expense, which are otherwise excluded from Adjusted EBITDA. We believe the presentation of Adjusted Net Income (including Adjusted Net Income per diluted share) enhances our investors’ overall understanding of the financial performance and cash flow of our business. You should not consider Adjusted Net Income (including Adjusted Net Income per diluted share) as an alternative to net income (loss) attributable to Medpace Holdings Inc., determined in accordance with U.S. GAAP, as an indicator of operating performance.

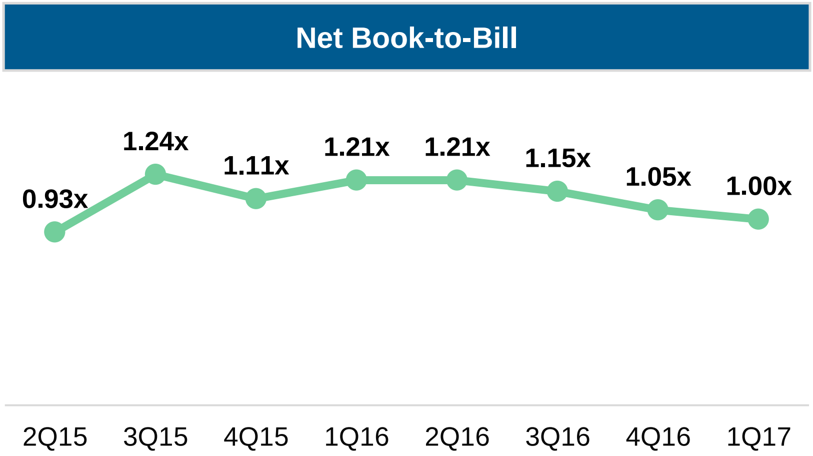
EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (including Adjusted Net Income per diluted share) and Free Cash Flow have important limitations as analytical tools and you should not consider them in isolation, or as a substitute for, analysis of our results as reported under U.S. GAAP. See the consolidated financial statements included elsewhere in this prospectus for our U.S. GAAP results. Additionally, for reconciliations of EBITDA, Adjusted EBITDA, Adjusted Net Income (including Adjusted Net Income per diluted share) and Free Cash Flow to our closest reported U.S. GAAP measures, refer to the appendix of this presentation.

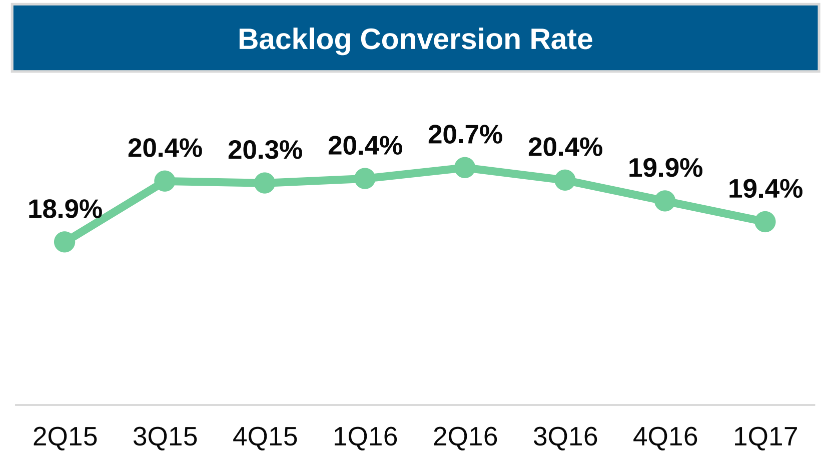
Q1 2017 – Key Operating Highlights

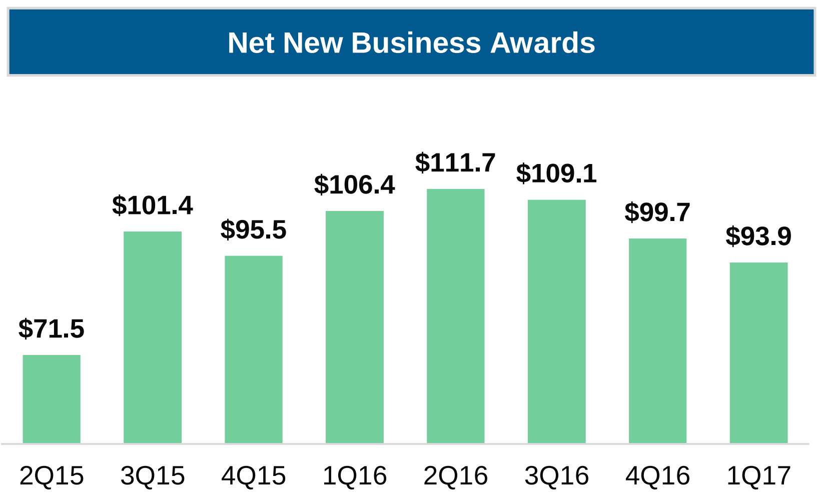
($ in millions)	First Quarter		
	2017	**2016**	**% Change**
Service Revenue, net	$93.8	$87.8	6.8%
Net New Business Awards	93.9	106.4	(11.8%)
Net Book-to-Bill [(A)]	1.00	1.21	n.m.
Net Book-to-Bill (LTM)	1.10	1.13	n.m.
Ending Backlog	$483.8	$448.1	8.0%
Backlog Conversion Rate [(B)]	19.4%	20.4%	n.m.
Active Headcount	2,491	2,224	12.0%

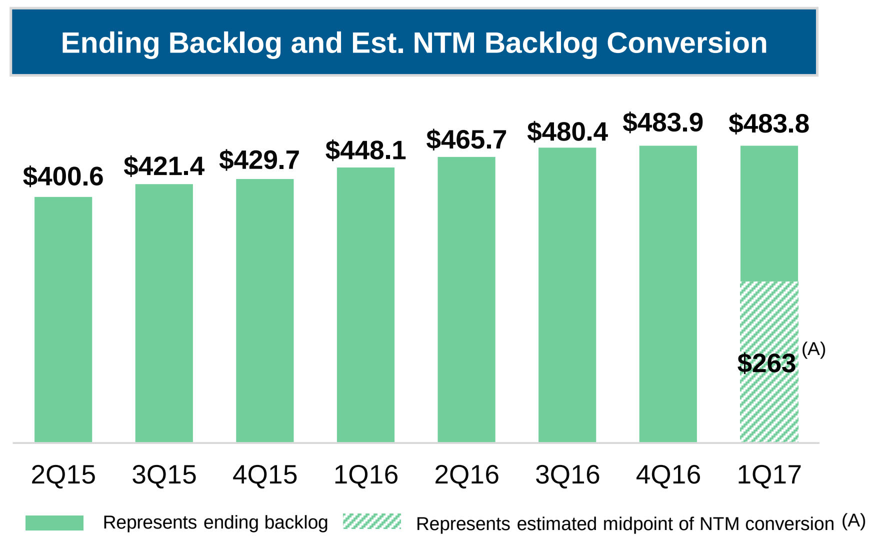
A. Net Book-to-Bill: Net New Business Awards divided by Service Revenue, net.
B. Backlog Conversion Rate: Service Revenue, net, for the quarter divided by beginning backlog. Year-to-date backlog conversion figures represent the average backlog conversion for all quarters.

Backlog and New Award Trends









($ in millions)

A. Amount of backlog estimated to convert to revenue in the next twelve months.

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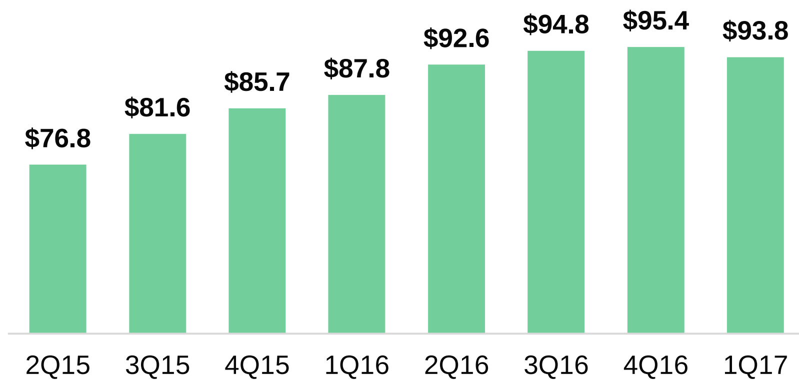
Q1 2017 – Key Financial Highlights

($ in millions, except per share data)	First Quarter		
	2017	**2016**	**% Change**
Service Revenue, net	$93.8	$87.8	6.8%
Adjusted EBITDA[A]	26.2	25.8	1.8%
Adjusted EBITDA % Margin	28.0%	29.3%	n.m.
Adjusted Net Income[A]	14.1	11.6	21.7%
Adjusted Net Income per diluted share[A]	$0.34	$0.35	(2.9%)

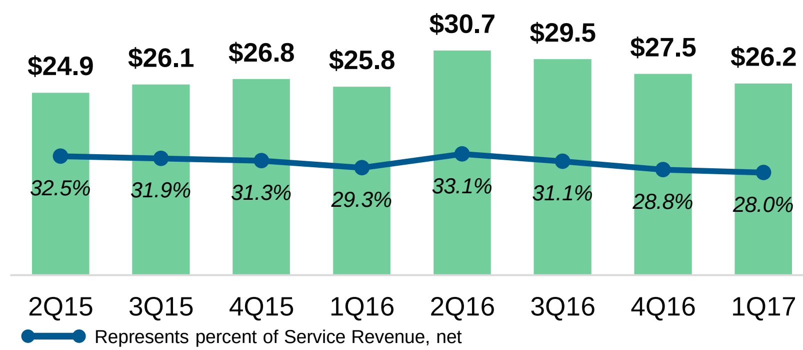
A. See the appendix for the non-GAAP reconciliation of the Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per diluted share calculations.

Key Financial Trends

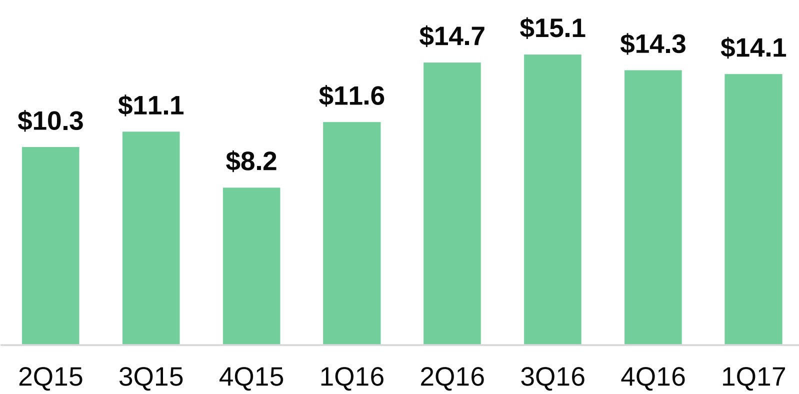
($ in millions) **Service Revenue, net**



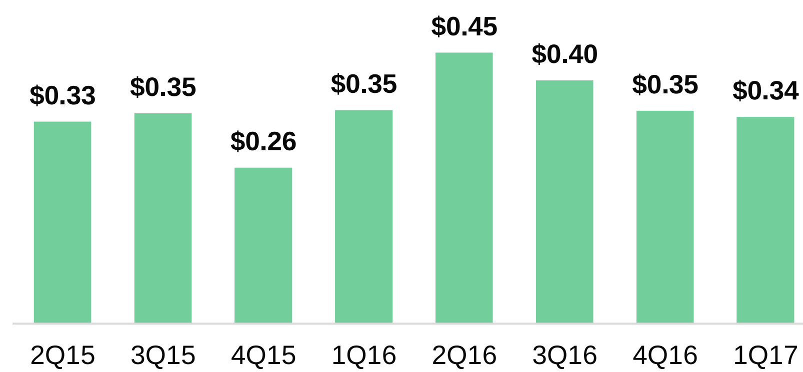
($ in millions) **Adjusted EBITDA[A]**



($ in millions) **Adjusted Net Income[A]**



Adjusted Net Income per diluted share[A]

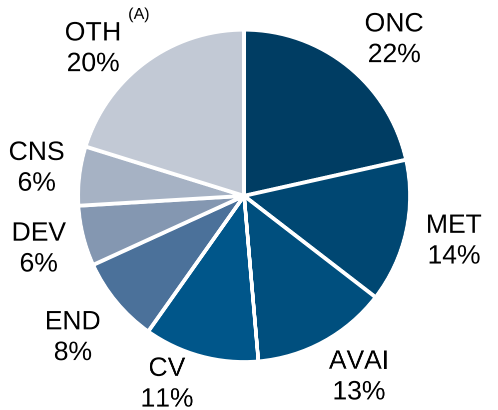


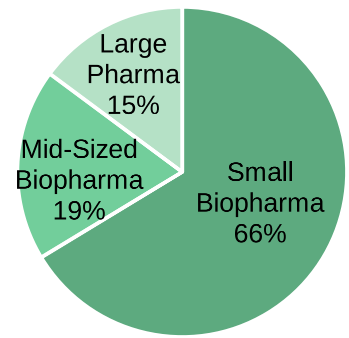
A. See the appendix for the non-GAAP reconciliation of the Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per diluted share calculations.

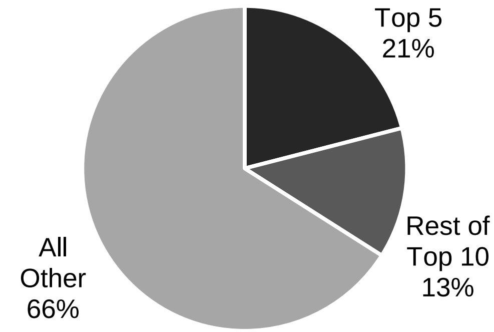
Q1 2017- Customer Composition by Revenue

Therapeutic Area Concentration	Customer Tier (B) Concentration	Top 10 Customer Concentration (C)

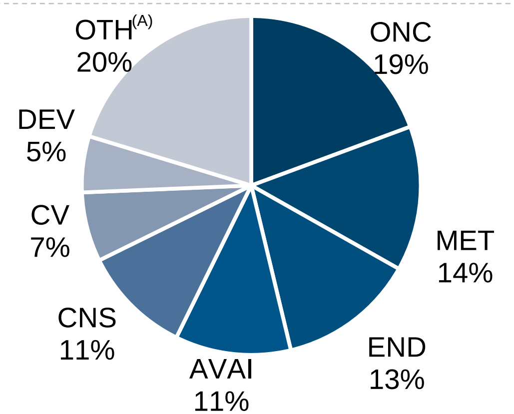
Q1 2017

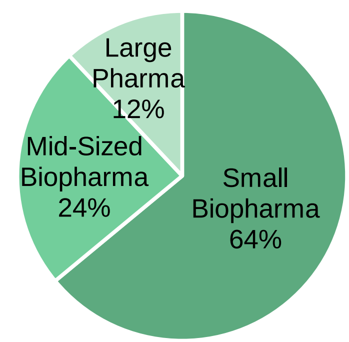


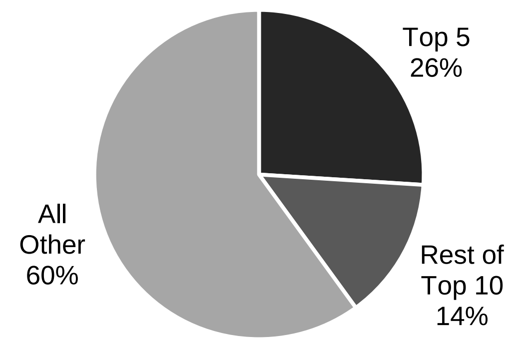




Q1 2016





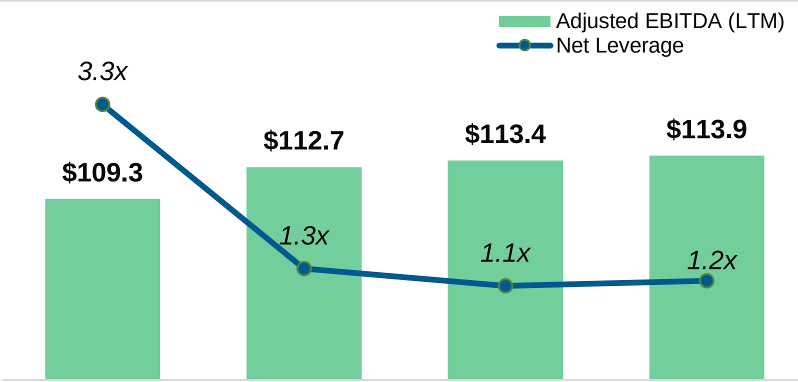


A. Other primarily includes Nephrology, Rheumatology, Musculoskeletal, Dermatology, Gastroenterology, and Ophthalmology therapeutic areas.
B. Current period customer tiers classified by Evaluate Ltd. in EvaluatePharma© World Preview 2016 Outlook to 2022 as well as management analysis. Large Pharma represents the top 20 pharma companies worldwide based on annual sales as of 12/31/15. Mid-sized biopharma represents customers with >$250M of annual sales as of 12/31/15. Small Biopharma represents customers with <$250M of annual sales as of 12/31/15. Prior year comparable period customer tiers classified by Evaluate Ltd. in EvaluatePharma© World Preview 2015 Outlook to 2020 as well as management analysis.
C. No single customer represents over 10% of revenue.

Leverage Position and Cash Flow

($ in millions)

Net Leverage(A) Trend (Quarterly)



	2Q16	3Q16	4Q16	1Q17
Gross Debt(G)	$375.0	$165.0	$165.0	$161.9
Cash(H)	13.7	14.6	37.1	29.3
Net Debt(F)	$361.3	$150.4	$127.9	$132.6
Net DSO(B)	20.4	12.0	12.0	18.4
Net DSO *(Excl. Reimb.)*(C)	9.4	0.3	1.0	10.0

($ in millions)	First Quarter	
Free Cash Flow	**2017**	**2016**
Operating Cash Flow (GAAP)	($0.7)	$12.6
Less: CAPEX	4.4	3.5
Less: Campus Lease(D)	0.4	0.3
Free Cash Flow (non-GAAP)	($5.5)	$8.8
Adjusted EBITDA (non-GAAP)	$26.2	$25.8
Free Cash Flow Conversion % (non-GAAP)	(20.8%)	34.1%

A. Net Leverage defined as Net Debt divided by LTM Adjusted EBITDA.
B. Net Days Sales Outstanding (DSO) is based on billed and unbilled Accounts receivable, net of Advanced billings, including Reimbursed out-of-pocket revenue and expenses.
C. Net Days Sales Outstanding (DSO) is based on billed and unbilled Accounts receivable, net of Advanced billings, excluding Reimbursed out-of-pocket revenue and expenses.
D. Represents principal portion of Corporate Campus Lease payment.
E. Free Cash Flow Conversion % is equal to Free Cash Flow divided by Adjusted EBITDA.
F. Net Debt, a non-GAAP financial measure, is defined as Gross Debt less Cash.
G. Gross debt is defined as Long-term Debt, including the current portion of Long-term Debt, excluding unamortized discounts and unamortized debt issuance costs.
H. Cash is defined as Cash and Cash Equivalents.

Full Year 2017 Guidance

($ in millions, except per share data)	Original Guidance (February 27, 2017)		Current Guidance (May 1, 2017)	
	Guidance Range	Growth Rate(A)	Guidance Range	Growth Rate(A)
Service Revenue, net	$390.0 - $406.0	5.2% - 9.6%	$373.0 - $385.0	0.6% - 3.9%
Adjusted EBITDA	$122.0 - $126.0	7.6% – 11.1%	$104.0 - $108.0	(8.3%) - (4.8%)
Adjusted Net Income	$66.0 - $70.0	18.5% – 25.7%	$54.0 - $58.0	(3.1%) – 4.1%
Adjusted Net Income per diluted share	$1.58 - $1.68	3.3% – 9.6%	$1.30 - $1.40	(14.8%) – (8.4%)
GAAP Net Income	$43.9 - $47.5	n.a.	$32.0 - $35.4	n.a.
GAAP Net Income per diluted share	$1.06 - $1.14	n.a.	$0.77 - $0.85	n.a.

A. Growth rates are based on 2016 adjusted figures, with the exception of Service Revenue, net. See appendix for detailed reconciliation of results.

Appendix

Q1 2017 – Income Statement

($ in millions, except per share amounts)	Q1 2017	% Service Revenue	Q1 2016	% Service Revenue	Q1-2017 vs. Q1-2016 $ Change	Q1-2017 vs. Q1-2016 % Change
Revenue:						
Service revenue, net	$ 93.8	100.0%	$ 87.8	100.0%	$ 6.0	6.8%
Reimbursed out-of-pocket revenue	12.8		11.8			
Total revenue	106.6		99.6			
Operating Expenses:						
Direct costs, excluding depreciation and amortization	51.1	54.5%	47.0	53.5%	4.1	8.8%
Reimbursed out-of-pocket expenses	12.8		11.8			
Selling, general and administrative	15.2	16.2%	13.5	15.4%	1.6	12.2%
Depreciation	2.1	2.2%	1.8	2.1%	0.4	20.1%
Amortization	9.4	10.0%	12.7	14.5%	(3.2)	(25.4%)
Total operating expenses	90.7	96.7%	86.7	98.7%	4.0	4.6%
Total operating expenses, ex. reimbursed out-of-pocket expenses	77.9	83.0%	74.9	85.3%	3.0	4.0%
Income from operations	15.9	17.0%	12.9	14.7%	3.1	23.3%
Other expense, net:						
Miscellaneous expense, net	(0.4)	(0.4%)	(0.9)	(1.0%)	0.6	(55.6%)
Interest expense, net	(1.8)	(1.9%)	(6.0)	(6.8%)	4.2	(70.0%)
Other expense, net	(2.2)	(2.3%)	(6.9)	(7.9%)	4.7	(68.1%)
Income before income taxes	13.8	14.7%	6.0	6.8%	7.8	130.0%
Income tax provision	5.3	5.7%	2.5	2.8%	2.8	112.0%
Net income	$ 8.4	9.0%	$ 3.4	3.9%	$ 5.0	147.1%
Basic EPS (GAAP)	$ 0.21		$ 0.11		$ 0.10	90.9%
Diluted EPS (GAAP)	$ 0.20		$ 0.11		$ 0.09	81.8%
Basic EPS (Adj.)	$ 0.35		$ 0.35		$ -	-
Diluted EPS (Adj.)	$ 0.34		$ 0.35		$ (0.01)	(2.9%)
EBITDA	$ 27.2		$ 26.4		$ 0.8	3.0%
EBITDA Margin	29.0%		30.0%		(1.0%)	
Adjusted EBITDA	$ 26.2		$ 25.8		$ 0.4	1.8%
Adjusted EBITDA - Margin	28.0%		29.3%		(1.3%)	

Note: Numbers may not sum due to rounding

Reconciliation of Adjusted EBITDA

		First Quarter		Last 12 Months	
($ in millions)		2017	2016	2017	2016
Net income (loss) as reported (GAAP)		$ 8.4	$ 3.4	$ 18.4	$ (5.2)
Income tax provision		5.3	2.5	11.2	4.9
Interest expense, net		1.8	6.0	15.2	26.2
Depreciation		2.1	1.8	7.8	6.6
Amortization		9.4	12.7	47.5	58.6
EBITDA (non-GAAP)		$ 27.2	$ 26.4	$ 100.3	$ 91.1
Adjustments to EBITDA:					
Corporate campus lease payments	(A)	(0.9)	(0.9)	(3.6)	(3.6)
Stock compensation expense: liability awards mark-to-market and CEO award	(B)	-	-	5.7	9.6
Litigation matters	(C)	-	-	-	(3.1)
Other transaction expenses	(D)	-	0.3	0.9	0.3
Loss on extinguishment of debt	(E)	-	-	10.7	-
Impairment of goodwill	(F)	-	-	-	9.3
Adjusted EBITDA - (non-GAAP)		$ 26.2	$ 25.8	$ 113.9	$ 103.6
Net income margin (GAAP)		9.0%	3.9%		
Adjusted EBITDA margin (non-GAAP)		28.0%	29.3%		

A. Represents cash rental payments on two corporate headquarter buildings that are accounted for as deemed assets and subject to depreciation expense over the life of the lease. Payments made for these leases are accounted for with a principal portion and an interest portion, consistent with deemed landlord liability accounting. These adjustments for purposes of arriving at Adjusted EBITDA have the effect of presenting these leases consistently with all other office lease rentals that we have globally.

B. Represents period end mark-to-market fair value adjustments associated with liability classified awards and the impact of a one-time stock based compensation award to our chief executive officer. Future stock based awards activity is expected to be classified as equity for accounting purposes and will not be subject to period ending fair value adjustments.

C. Represents net recoveries related to a customer bad debt and the settlement of an employment related matter. The expenses related to these items were considered non-recurring and were added back in prior quarters.

D. Represents advisory costs and other fees related to the August 2016 offering.

E. Represents a loss on extinguishment of long-term debt in connection with the repayment and extinguishment of our obligations under the previous Senior Secured Credit Facilities during the fourth quarter of 2016.

F. Represents an impairment of goodwill on the Clinics reporting unit that was recorded in the fourth quarter of 2015.

Note: Numbers may not sum due to rounding

Reconciliation of Adjusted Net Income

($ in millions)		First Quarter 2017	First Quarter 2016	Last 12 months 2017	Last 12 months 2016
Net income (loss) as reported (GAAP)		$ 8.4	$ 3.4	$ 18.4	$ (5.2)
Amortization		9.4	12.7	47.5	58.6
Stock based compensation expense: liability awards and CEO award	(A)	-	-	5.7	9.6
Corporate campus lease payments-principal portion	(B)	(0.4)	(0.3)	(1.6)	(1.3)
Litigation matters	(C)	-	-	-	(3.1)
Deferred financing fees	(D)	0.2	0.7	2.0	2.8
Impairment of goodwill	(E)	-	-	-	9.3
Other transaction expenses	(F)	-	0.3	0.9	0.3
Loss on extinguishment of debt	(G)	-	-	10.7	-
Income tax effect of adjustments	(H)	(3.6)	(5.2)	(25.4)	(29.7)
Adjusted Net Income (non-GAAP)		$ 14.1	$ 11.6	$ 58.2	$ 41.3

A. Represents period end mark-to-market fair value adjustments associated with liability classified awards and the impact of a one-time stock based compensation award to our chief executive officer. Future stock based awards activity is expected to be classified as equity for accounting purposes and will not be subject to period ending fair value adjustments.
B. Represents cash rental payments on two corporate headquarter buildings that are accounted for as deemed assets and subject to depreciation expense over the life of the lease. Payments made for these leases are accounted for with a principal portion and an interest portion, consistent with deemed landlord liability accounting. These adjustments for purposes of arriving at Adjusted Net Income have the effect of presenting these leases consistently with all other office lease rentals that we have globally.
C. Represents net recoveries related to a customer bad debt and the settlement of an employment related matter. The expenses related to these items were considered non-recurring and were added back in prior quarters.
D. Represents amortization of the discount and issuance costs deferred on the consolidated balance sheet associated with the issuance of the Senior Secured Credit Facility.
E. Represents an impairment of goodwill on the Clinics reporting unit that was recorded in the fourth quarter of 2015.
F. Represents advisory costs and other fees related to the August 2016 offering.
G. Represents a loss on extinguishment of long-term debt in connection with the repayment and extinguishment of our obligations under the previous Senior Secured Credit Facilities during the fourth quarter of 2016.
H. Represents the tax effect of the total adjustments at an estimated effective tax rate of 39%.

Note: Numbers may not sum due to rounding

Adjusted EBITDA Reconciliation Trends

(S in millions)		2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Net income (loss) as reported (GAAP)		$ 0.1	$ (0.1)	$ (8.6)	$ 3.4	$ 5.0	$ 5.0	$ (-)	8.4
Income tax provision		0.9	0.6	0.9	2.5	3.2	2.5	0.2	5.3
Interest expense, net		6.9	6.7	6.6	6.0	5.9	4.7	2.8	1.8
Depreciation		1.5	1.6	1.7	1.8	1.8	1.9	2.0	2.1
Amortization		17.0	15.8	13.1	12.7	12.7	12.7	12.7	9.4
EBITDA (non-GAAP)		$ 26.4	$ 24.6	$ 13.7	$ 26.4	$ 28.6	$ 26.8	$ 17.7	$ 27.2
Adjustments to EBITDA:									
Corporate campus lease payments	(A)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Stock compensation expense: liability awards mark-to-market and CEO award	(B)	(0.2)	5.1	4.7	-	2.6	3.1	-	-
Litigation matters	(C)	(0.4)	(2.7)	-	-	-	-	-	-
Other transaction expenses	(D)	-	-	-	0.3	0.4	0.5	-	-
Loss on extinguishment of debt	(E)	-	-	-	-	-	-	10.7	-
Impairment of goodwill	(F)	-	-	9.3	-	-	-	-	-
Adjusted EBITDA (non-GAAP)		$ 24.9	$ 26.1	$ 26.8	$ 25.8	$ 30.7	$ 29.5	$ 27.5	$ 26.2

A. Represents cash rental payments on two corporate headquarter buildings that are accounted for as deemed assets and subject to depreciation expense over the life of the lease. Payments made for these leases are accounted for with a principal portion and an interest portion, consistent with deemed landlord liability accounting. These adjustments for purposes of arriving at Adjusted EBITDA have the effect of presenting these leases consistently with all other office lease rentals that we have globally.
B. Represents period end mark-to-market fair value adjustments associated with liability classified awards and the impact of a one-time stock based compensation award to our chief executive officer. Future stock based awards activity is expected to be classified as equity for accounting purposes and will not be subject to period ending fair value adjustments.
C. Represents net recoveries related to a customer bad debt and the settlement of an employment related matter. The expenses related to these items were considered non-recurring and were added back in prior quarters.
D. Represents advisory costs and other fees related to the August 2016 offering.
E. Represents a loss on extinguishment of long-term debt in connection with the repayment and extinguishment of our obligations under the previous Senior Secured Credit Facilities during the fourth quarter of 2016.
F. Represents an impairment of goodwill on the Clinics reporting unit that was recorded in the fourth quarter of 2015.

Note: Numbers may not sum due to rounding

Adjusted Net Income Reconciliation Trends

($ in millions, expect per share amounts)		2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Net income (loss) as reported (GAAP)		$ 0.1	$ (0.1)	$ (8.6)	$ 3.4	$ 5.0	$ 5.0	$ (-)	8.4
Amortization		17.0	15.8	13.1	12.7	12.7	12.7	12.7	9.4
Stock based compensation expense: liability awards mark-to-market and CEO award	(A)	(0.2)	5.1	4.7	-	2.6	3.1	-	-
Corporate campus lease payments-principal portion	(B)	(0.3)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)
Litigation matters	(C)	(0.4)	(2.8)	-	-	-	-	-	-
Deferred financing fees	(D)	0.7	0.7	0.7	0.7	0.7	0.7	0.5	0.2
Impairment of goodwill	(E)	-	-	9.3	-	-	-	-	-
Other transaction expenses	(F)	-	-	-	0.3	0.4	0.5	-	-
Loss on extinguishment of debt	(G)	-	-	-	-	-	-	10.7	-
Income tax effect of adjustments	(H)	(6.6)	(7.2)	(10.7)	(5.2)	(6.3)	(6.5)	(9.2)	(3.6)
Adjusted Net Income (non-GAAP)		$ 10.3	$ 11.1	$ 8.2	$ 11.6	$ 14.7	$ 15.1	$ 14.3	$ 14.1
Net Income (loss) per diluted share (GAAP)		$ -	$(-)	$(0.27)	$ 0.11	$ 0.15	$ 0.13	$(-)	$ 0.20
Adjusted Net Income per diluted share (non-GAAP)		$ 0.33	$ 0.35	$ 0.26	$ 0.35	$ 0.45	$ 0.40	$ 0.35	$ 0.34
Diluted weighted average common shares outstanding (GAAP)		31.8	31.4	31.6	32.6	32.8	37.6	40.7	41.5
Adjusted diluted weighted average common shares outstanding (non-GAAP)	(I)	31.8	31.4	31.6	32.6	32.8	37.6	41.4	41.5

A. Represents period end mark-to-market fair value adjustments associated with liability classified awards and the impact of a one-time stock based compensation award to our chief executive officer. Future stock based awards activity is expected to be classified as equity for accounting purposes and will not be subject to period ending fair value adjustments.
B. Represents cash rental payments on two corporate headquarter buildings that are accounted for as deemed assets and subject to depreciation expense over the life of the lease. Payments made for these leases are accounted for with a principal portion and an interest portion, consistent with deemed landlord liability accounting. These adjustments for purposes of arriving at Adjusted Net Income have the effect of presenting these leases consistently with all other office lease rentals that we have globally.
C. Represents net recoveries related to a customer bad debt and the settlement of an employment related matter. The expenses related to these items were considered non-recurring and were added back in prior quarters.
D. Represents amortization of the discount and issuance costs deferred on the consolidated balance sheet associated with the issuance of the Senior Secured Credit Facility.
E. Represents an impairment of goodwill on the Clinics reporting unit that was recorded in the fourth quarter of 2015.
F. Represents advisory costs and other fees related to the August 2016 offering.
G. Represents a loss on extinguishment of long-term debt in connection with the repayment and extinguishment of our obligations under the previous Senior Secured Credit Facilities during the fourth quarter of 2016.
H. Represents the tax effect of the total adjustments at an estimated effective tax rate of 39%.
I. For GAAP purposes, in a period where a net loss is recorded there is no dilution to weighted average common shares outstanding. When considering Adjusted Net Income, however, dilution would be applicable and is considered for purposes of determining Adjusted Net Income per diluted share.

Note: Numbers may not sum due to rounding

FY2017 Guidance Reconciliation

($ in millions, except per share amounts)		Adjusted Net Income		Adjusted Net Income per diluted share	
		Low	High	Low	High
Net Income and Net Income per diluted share (GAAP)		$ 32.0	$ 35.4	$ 0.77	$ 0.85
Adjustments:					
Amortization		37.8	37.8	0.91	0.91
Corporate campus lease payments - principal portion	(A)	(1.7)	(1.7)	(0.04)	(0.04)
Deferred financing fees	(B)	0.7	0.7	0.02	0.02
Income tax effect of adjustments	(C)	(14.8)	(14.2)	(0.36)	(0.34)
Adjusted Net Income and Adjusted Net Income per diluted share (non-GAAP)		$ 54.0	$ 58.0	$ 1.30	$ 1.40
Depreciation		9.1	9.1		
Income tax provision		36.3	36.3		
Interest expense, net		4.6	4.6		
Adjusted EBITDA (non-GAAP)		$ 104.0	$ 108.0		

A. Represents cash rental payments on two corporate headquarter buildings that are accounted for as deemed assets and subject to depreciation expense over the life of the lease. Payments made for these leases are accounted for with a principal portion and an interest portion, consistent with deemed landlord liability accounting. The interest portion of these payments is included in net cash provided by operating activities in our statement of cash flows. The principal portion is reflected as a financing activity in our statement of cash flows. These adjustments for purposes of arriving at Adjusted EBITDA and Adjusted Net Income (including Adjusted Net Income per diluted share) have the effect of presenting these leases consistently with all other office lease rentals that we have globally.

B. Represents amortization of the discount and issuance costs deferred on the consolidated balance sheet associated with the issuance of the Senior Secured Credit Facility.

C. Represents the tax effect of the total adjustments in a range of 38.5% to 39.5%.

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