

INC Research Holdings, Inc.  
Form S-1/A  
November 03, 2014

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[Table of Contents](#)

**As filed with the Securities and Exchange Commission on November 3, 2014**

**Registration No. 333-199178**

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

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**Amendment No. 3  
to**

**FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**INC Research Holdings, Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**8731**  
(Primary Standard Industrial  
Classification Code Number)  
**3201 Beechleaf Court, Suite 600**  
**Raleigh, North Carolina 27604-1547**  
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**27-3403111**  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Christopher L. Gaenzle, Esq., Chief Administrative Officer, General Counsel and Secretary**  
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**Approximate date of commencement of proposed sale to the public:**  
**As soon as practicable after the effective date of this Registration Statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a smaller reporting company)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.**



Table of Contents

**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion, Dated November 3, 2014.**

**PRELIMINARY PROSPECTUS**

8,108,108 Shares

**INC Research Holdings, Inc.**

**Class A Common Stock**

This is an initial public offering of shares of Class A common stock of INC Research Holdings, Inc. All of the 8,108,108 shares of Class A common stock offered hereby are being sold by the company.

Prior to this offering, there has been no public market for the Class A common stock. It is currently estimated that the initial public offering price per share will be between \$17.00 and \$20.00. We have applied to list the shares on the NASDAQ Global Market under the symbol "INCR."

We are an "emerging growth company" as defined under the federal securities laws and, as such, will be subject to reduced public company reporting requirements. See "Prospectus Summary Implications of Being an Emerging Growth Company."

*See "Risk Factors" on page 17 to read about factors you should consider before buying shares of our Class A common stock.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

	<b>Per Share</b>	<b>Total</b>
Initial public offering price	\$	\$
Underwriting discount(1)	\$	\$
Proceeds, before expenses, to us	\$	\$

(1)

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We refer you to "Underwriting" beginning of page 152 of this prospectus for additional information regarding total underwriting compensation.

To the extent that the underwriters sell more than 8,108,108 shares of Class A common stock, the underwriters have the option to purchase up to an additional 1,216,216 shares from us at the initial price to public less the underwriting discount.

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The underwriters expect to deliver the shares against payment in New York, New York on \_\_\_\_\_, 2014.

**Goldman, Sachs & Co.**

**Credit Suisse**

**Baird**

**Wells Fargo Securities**

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**William Blair**

Prospectus dated \_\_\_\_\_, 2014.

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Table of Contents**TABLE OF CONTENTS**

	<b>Page</b>
<u>PROSPECTUS SUMMARY</u>	<u>1</u>
<u>RISK FACTORS</u>	<u>17</u>
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>46</u>
<u>CORPORATE REORGANIZATION</u>	<u>48</u>
<u>USE OF PROCEEDS</u>	<u>50</u>
<u>DIVIDEND POLICY</u>	<u>51</u>
<u>CAPITALIZATION</u>	<u>52</u>
<u>DILUTION</u>	<u>55</u>
<u>NON-GAAP FINANCIAL MEASURES</u>	<u>57</u>
<u>SELECTED AND PRO FORMA CONSOLIDATED FINANCIAL DATA</u>	<u>59</u>
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>65</u>
<u>BUSINESS</u>	<u>94</u>
<u>MANAGEMENT</u>	<u>111</u>
<u>EXECUTIVE AND DIRECTOR COMPENSATION</u>	<u>119</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	<u>133</u>
<u>PRINCIPAL STOCKHOLDERS</u>	<u>137</u>
<u>DESCRIPTION OF CAPITAL STOCK</u>	<u>139</u>
<u>DESCRIPTION OF MATERIAL INDEBTEDNESS</u>	<u>143</u>
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	<u>146</u>
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS</u>	<u>148</u>
<u>UNDERWRITING</u>	<u>152</u>
<u>LEGAL MATTERS</u>	<u>156</u>
<u>EXPERTS</u>	<u>156</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>156</u>
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>F-1</u>

You should rely only on the information contained in this prospectus or in any free-writing prospectus we may authorize to be delivered or made available to you. Neither we nor the underwriters (or any of our or their respective affiliates) have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters (or any of our or their respective affiliates) take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters (or any of our or their respective affiliates) are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is only accurate as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

**TRADEMARKS**

We own or have the rights to use various trademarks referred to in this prospectus, including, among others, INC Research, PlanActivation, ProgramAccelerate, QualityFinish, QuickStart, the Trusted Process, Kendle and their respective logos. Solely for convenience, we may refer to trademarks in this prospectus without the TM and ® symbols. Such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted by law, our rights to our trademarks. Other trademarks appearing in this prospectus are the property of their respective owners.

Table of Contents

**MARKET AND INDUSTRY INFORMATION**

Market data used throughout this prospectus is based on management's knowledge of the industry and the good faith estimates of management. All of management's estimates presented herein are based on industry sources, including analyst reports, and management's knowledge. We also relied, to the extent available, upon management's review of independent industry surveys and publications prepared by a number of sources and other publicly available information. We refer herein to the 2013 CenterWatch Global Investigative Site Relationship Survey, which surveyed over 2,000 global sites to evaluate the performance of CROs across 36 specific relationship attributes. CenterWatch, a leading publisher in the clinical trials industry, conducted the biannual global survey of investigative sites during November/December 2012 and January 2013, soliciting online responses from principal investigators, sub-investigators and study coordinators about CROs they have worked with in the past two years. To develop the mailing list for the most recent survey, CenterWatch solicited investigative site contacts directly from all CROs based on investigative sites the sponsor or CRO had worked with actively in 2010, 2011 and through 2012. The sites selected were required to have sufficient experience with the sponsor or CRO to be able to evaluate the company on multiple project dimensions (sites selected could range from sites having completed at least a few patient visits to sites that have already completed studies). Respondents from sites were principal investigators, sub-investigators or study coordinators, and sites worldwide, with no limitations on countries, were surveyed.

All of the market data used in this prospectus involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the estimated market position, market opportunity and market size information included in this prospectus is generally reliable, such information, which in part is derived from management's estimates and beliefs, is inherently uncertain and imprecise. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

Table of Contents

**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the risks of investing in our Class A common stock discussed under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus, before making an investment decision. Unless the context requires otherwise, references to "our company," "we," "us" and "our" refer to INC Research Holdings, Inc. and its direct and indirect subsidiaries, after giving effect to the corporate reorganization described below; references to "INC Holdings" refer to INC Research Holdings, Inc.; references to "INC Intermediate" refer to INC Research Intermediate, LLC and references to "INC" refer to INC Research, LLC, our wholly-owned subsidiary. Unless the context otherwise requires, references to "common stock" refer to our Class A common stock and our Class B common stock, which is convertible into our shares of our Class A common stock on a one-for-one basis, after giving effect to the corporate reorganization described under "Corporate Reorganization." References to GAAP are to the generally accepted accounting principles of the United States.*

**Overview**

We are a leading global Contract Research Organization, or CRO, based on revenues, and are exclusively focused on Phase I to Phase IV clinical development services for the biopharmaceutical and medical device industries. We provide our customers highly differentiated therapeutic alignment and expertise, with a particular strength in Central Nervous System, or CNS, oncology and other complex diseases. We consistently and predictably deliver clinical development services in a complex environment and offer a proprietary, operational approach to clinical trials through our Trusted Process® methodology. Our service offerings focus on optimizing the development of, and therefore, the commercial potential for, our customers' new biopharmaceutical compounds, enhancing returns on their research and development, or R&D, investments and reducing their overhead by offering an attractive variable cost alternative to fixed cost, in-house resources.

Over the past decade, we have systematically built our scale and capabilities to become a leading global provider of Phase I to Phase IV clinical development services, with approximately 5,500 employees in 50 countries across six continents as of September 30, 2014. Our broad global reach has enabled us to provide clinical development services in over 100 countries. Our global footprint provides our customers with broad access to diverse markets and patient populations, local regulatory expertise and local market knowledge. We have developed our capabilities and infrastructure in parallel with our extensive, industry-leading relationships with principal investigators and clinical research sites, as demonstrated by our ranking as the "Top CRO" in the 2013 CenterWatch Global Investigative Site Relationship Survey, which was conducted by CenterWatch, a third-party leading publisher in the clinical trials industry. The survey covered responses from over 2,000 global sites across 36 specific relationship attributes about CROs that the sites surveyed have worked with in the past two years. Our diversified customer base includes a mix of many of the world's largest biopharmaceutical companies as well as high-growth, small and mid-sized biopharmaceutical companies.

For the year ended December 31, 2013 and the nine months ended September 30, 2014, we had total net service revenue of \$652.4 million and \$596.0 million, respectively, net loss of \$(41.5) million and net income of \$26.3 million, respectively, Adjusted Net Income of \$15.4 million and \$39.0 million, respectively, and Adjusted EBITDA of \$105.5 million and \$113.9 million, respectively. Net service revenue, Adjusted Net Income and Adjusted EBITDA increased by 12.7%, 462.2% and 25.1%, respectively, and net loss decreased by 29.7% for the year ended



Table of Contents

December 31, 2013 from the year ended December 31, 2012. As of September 30, 2014, we had outstanding term loans under the \$375.0 million credit agreement that we entered into on July 12, 2011, or the 2011 Credit Agreement, of \$291.0 million and \$300.0 million aggregate principal amount of 11.5% Senior Notes, or the Notes. Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility (the "new senior secured credit facilities") pursuant to an Amended and Restated Credit Agreement among INC Research, LLC, our wholly owned subsidiary, as the borrower, the lenders party thereto, Goldman Sachs Bank USA, as administrative agent and collateral agent, and the other parties thereto (the "Amended and Restated Credit Agreement"). See "Description of Material Indebtedness." We intend to use the proceeds of the \$134.0 million of additional term loan borrowings, along with the proceeds of this offering and \$73.1 million of cash on hand to redeem all of our outstanding Notes and pay any redemption premiums, make-whole interest and related fees and expenses. For a reconciliation of Adjusted Net Income and Adjusted EBITDA, each of which are non-GAAP measures, to our net income (loss), see "Selected and Pro Forma Consolidated Financial Data."

**Our Market**

The market for our services includes biopharmaceutical companies that outsource clinical development services. We believe we are well-positioned to benefit from the following market trends:

***Trends in late-stage clinical development outsourcing.*** Within the clinical development market, we primarily focus on Phase II to Phase IV clinical trials. Biopharmaceutical companies continue to prioritize the outsourcing of Phase II to Phase IV clinical trials, particularly in complex, high-growth therapeutic areas such as CNS, oncology and other complex diseases, which are our primary areas of therapeutic focus. We estimate, based on industry sources, including analyst reports, and management's knowledge, that the market for CRO services for Phase II to Phase IV clinical development services will grow at a rate of 8% to 9% annually through 2018, driven by a combination of increased development spend and further outsourcing penetration. In addition, we estimate that total biopharmaceutical spending on drug development in 2013 was approximately \$74.6 billion, of which the clinical development market, which is the market for drug development following pre-clinical research, was approximately \$65.1 billion. Of the \$65.1 billion, we estimate our total addressable market to be \$56.3 billion, after excluding \$8.8 billion of indirect fees paid to principal investigators and clinical research sites, which are not a part of the CRO market. We estimate that total biopharmaceutical spending on clinical development will grow at a rate of 3% to 4% annually through 2018. In 2013, we estimate biopharmaceutical companies outsourced approximately \$20.6 billion of clinical development spend to CROs, representing a 9% increase in such spending compared to 2012 and a penetration rate of 37% of our total addressable market. We estimate that this penetration rate will increase to 46% of our total addressable market by 2018.

***Optimization of biopharmaceutical R&D efficiency.*** Market forces and healthcare reform place significant pressure on biopharmaceutical companies to improve cost efficiency. In response to high clinical trial costs, particularly in therapeutic areas such as CNS and oncology, which we believe present the highest mean cost per patient across all clinical trials, biopharmaceutical companies are streamlining operations and shifting development to external providers in order to lower their fixed costs. Based on efficiencies gained through experience, we estimate that CROs have shortened clinical testing timelines by as much as 30%. Full service CROs can deliver operational efficiencies, provide high visibility into trial conduct, and allow biopharmaceutical companies to focus internal resources on their core competencies related to drug discovery and commercialization.

Table of Contents

**Globalization of clinical trials.** Clinical trials have become increasingly global as biopharmaceutical companies seek to accelerate patient recruitment, particularly within protocol-eligible, treatment-naïve patient populations (patient populations that have not previously received treatment for the particular disease) without co-morbidities (the presence of other diseases or disorders) that could skew clinical outcomes. Additionally, biopharmaceutical companies increasingly seek to expand the commercial potential of their products by applying for regulatory approvals in multiple countries, including in areas of the world with fast growing economies and middle classes that are spending more on healthcare. These trends emphasize the importance of global experience and geographic coverage, local market knowledge and coordination throughout the development process.

**Management of increasingly complex trials.** Complex trial design expertise has emerged as a significant competitive advantage for select CROs that have a track record of successfully navigating country-specific regulatory, trial protocol and patient enrollment barriers. Measures of clinical trial complexity significantly increased over the last decade, as evidenced by total procedures per trial protocol increasing by 57% between 2000 and 2011. In addition, the therapeutic areas where we have a particular focus, including CNS, oncology and other complex diseases, often require more complex testing protocols than other disease indications.

### **Our Competitive Strengths**

We believe that we are well positioned to capitalize on positive trends in the CRO industry and provide differentiated solutions to our customers based on our key competitive strengths set forth below:

**Deep and long-standing expertise in the largest and fastest growing therapeutic areas.** Over the past 20 years, we have focused on building world-class therapeutic expertise to better serve our customers. We provide a broad offering of therapeutic expertise, with our core focus in the largest and fastest growing therapeutic areas, including CNS, oncology and other complex diseases such as genetic disorders and infectious diseases, which collectively constitute over 75% of our backlog as of September 30, 2014. Based on industry data, we estimate that CNS, oncology and other complex diseases together represent over 55% of total Phase III drugs under development. We believe we have been growing faster than the market, resulting in market share gains in our key therapeutic areas. Our total net service revenue grew by 12.7% in 2013 and our net service revenue for CNS and oncology, collectively, grew by 21.3% in 2013.

**Clinical development focus and innovative operating model.** We derive approximately 99% of our net service revenue from clinical development services without distraction from lower growth, lower margin non-clinical business. Since 2006, we have conducted our clinical trials using our innovative Trusted Process® operating model, which standardizes methodologies, increases the predictability of the delivery of our services and reduces operational risk. Since initiation of the Trusted Process®, we have reduced median study start-up time (defined as the period from finalized protocol to first patient enrolled) on new projects by 26%. Based on industry sources for the median study start-up time for the biopharmaceutical industry, we believe we achieve this milestone for our customers at a significantly faster pace than industry medians. Ninety percent of our new business awards in 2013 were from repeat customers, which we believe is directly attributable to our innovative business model.

**Unmatched, industry-leading principal investigator and clinical research site relationships.** We have extensive relationships with principal investigators and clinical research sites. We believe these quality relationships are critical for delivering clinical trial results on time and on budget for our customers. Motivated and engaged investigative sites can facilitate faster patient recruitment, increase retention, maintain safety, ensure compliance with protocols as well as with local and

Table of Contents

international regulations, and streamline reporting. The ability to recruit and retain principal investigators and patients is an integral part of the clinical trial process. Our focus on principal investigator and clinical research site relationships is unmatched in the industry, as demonstrated by our ranking as the "Top CRO" in the 2013 CenterWatch Global Investigative Site Relationship Survey.

***Broad global reach with in-depth local market knowledge.*** We believe that we are one of a few CROs with the scale, expertise, systems and agility necessary to conduct global clinical trials. We offer our services through a highly skilled staff of approximately 5,500 employees in 50 countries as of September 30, 2014 and have conducted work in over 100 countries. We have expanded our presence in high-growth international markets such as Asia-Pacific, Latin America and the Middle East and North Africa. Our comprehensive regulatory expertise and extensive local knowledge facilitate timely patient recruitment for complex clinical trials and improved access to treatment-naïve patients and to emerging markets, thereby reducing the time and cost of these trials for our customers while also optimizing the commercialization potential for new therapies.

***Diversified, loyal and growing customer base.*** We have a well-diversified, loyal customer base of over 300 customers that includes many of the world's largest biopharmaceutical companies as well as high-growth, small and mid-sized biopharmaceutical companies. Further, many of our customers are diversified across multiple projects and compounds. Our top five customers represented approximately 54 compounds in 64 indications across 132 active projects and accounted for approximately 34% of our net service revenue in 2013. Our customer base is geographically diverse with well-established relationships in the United States, Europe and Asia. We believe the breadth of our footprint reduces our exposure to potential U.S. and European biopharmaceutical industry consolidation. For example, 25% of our 2013 net service revenue was associated with biopharmaceutical customers whose parent companies are headquartered in Japan. We believe that the tenure of our customer relationships as well as the depth of penetration of our services reflect our strong reputation and track record. While 90% of our new business awards in 2013 were from repeat customers and our top ten customers have worked with us for an average of six years, we were also awarded clinical trials from 53 new customers in 2013, with particularly strong growth among small to mid-sized biopharmaceutical companies. We have also increased our penetration in the large biopharmaceutical market, which we define as the top 50 biopharmaceutical companies measured by annual drug revenue, as evidenced by our new business awards from large biopharmaceutical companies growing by 46% in 2013. In the last twelve months we have performed work for all of the top 20 companies in the large biopharmaceutical market. We believe we have increased our market share significantly in recent years and are well poised to continue growing our customer base.

***Outstanding financial performance.*** We have achieved significant revenue and EBITDA growth over the past several years. For example, during fiscal year 2013, we increased our net service revenue, Adjusted EBITDA and Adjusted Net Income by 12.7%, 25.1%, and 462.2%, respectively, and decreased our net loss by 29.7%. We have continued this growth in the first nine months of 2014 with year-over-year growth of our net service revenue, Adjusted EBITDA and Adjusted Net Income of 24.7%, 50.5% and 283.0%, respectively, and increased our net (loss) income from a loss of \$28.6 million to net income of \$26.3 million. The momentum in our business is also reflected in the growth in our backlog and new business awards (which is the value of future net service revenue supported by contracts or pre-contract written communications from customers for projects that have received appropriate internal funding approval, are not contingent upon completion of another trial or event and are expected to commence within the next 12 months minus the value of cancellations in the same period). Backlog and new business awards are not necessarily predictive of future financial performance because they will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several

Table of Contents

years, project change orders resulting in increases or decreases in project scope and cancellations. For the period from December 31, 2012 to September 30, 2014, our backlog increased by 14% and net new business awards grew by 20.4% during 2013 compared to 2012. We believe our outstanding financial profile and strong momentum demonstrate the quality of the platform we have built to position ourselves for continued future growth.

***Highly experienced management team with a deep-rooted culture of quality and innovation.*** We are led by a dedicated and experienced senior management team with significant industry experience and knowledge focused on clinical development. Each of the members of our senior management has 20 years or more of relevant experience, including significant experience across the CRO and biopharmaceutical industries. Our management team has successfully grown our company into a leading CRO through a combination of organic growth and acquisitions and believes we are well positioned to further capitalize on industry growth trends.

### Growth Strategy

The key elements of our growth strategy include:

***Focus on attractive, high-growth late-stage clinical development services market.*** We believe outsourcing late-stage clinical development services to CROs optimizes returns on invested R&D for biopharmaceutical companies. As development spend and outsourcing penetration rates continue to increase, we estimate that the late-stage clinical development services market will grow at a rate of 8% to 9% annually through 2018 and is poised to realize incremental growth relative to the overall CRO market. We believe that our core focus on the late-stage clinical development services market ideally positions us to benefit from this growth trend. Additionally, we believe that our differentiated approach of investing in highly experienced people, making better use of enabling technology and improving the process of clinical development, will allow our customers to generate superior returns.

***Leverage our expertise in complex clinical trials.*** We intend to continue to develop and leverage our therapeutic expertise in complex clinical trials. We believe that our focus on and deep expertise in complex therapeutic areas such as CNS, oncology and other complex diseases better position us to win new clinical trials in these fast growing and large therapeutic areas. This is enhanced by the use of our proprietary Trusted Process® methodology that reduces operational risk and variability by standardizing processes and minimizing delays, instills quality throughout the clinical development process and leads customers to more confident, better-informed drug development decisions.

***Capitalize on our geographic scale.*** We intend to leverage our global breadth and scale to drive continued growth. We have built our presence across key markets over time, developing strong relationships with principal investigators and clinical research sites around the world. We have expanded our patient recruitment capabilities, principal investigator relationships and local regulatory knowledge, which will continue to position us well for new customer wins in a wide array of markets. We have added geographic reach through both acquisitions and organic growth in areas such as Asia-Pacific, Latin America and the Middle East and North Africa, which we believe is critical to obtaining larger new business awards from large and mid-sized biopharmaceutical companies. Our long-term growth opportunities are enhanced by our strong reputation in emerging markets and our track record of efficiently managing trials in accordance with regional regulatory requirements.

***Continuous enhancement of our Trusted Process® methodology to deliver superior outcomes.*** We intend to continue the development and enhancement of our Trusted Process® methodology, which has delivered measurable, beneficial results for our customers and improved

Table of Contents

drug development decisions. We believe our Trusted Process® will continue to lead to high levels of customer satisfaction. We expect that through continuous enhancement of our Trusted Process® methodology, we will achieve better alignment of best-in-class technology to enable increased visibility into critical processes, management and controls in the drug development process. We intend to continue to position ourselves to quickly adopt best-in-class technology through effective third-party collaborations without the need for high capital investments and maintenance costs, driving attractive returns on capital.

***Continue proven track record of identifying and successfully integrating selective acquisitions to augment our organic growth.*** Over the past decade, we have developed a systematic approach for integrating acquisitions. We have successfully acquired and integrated ten companies. These strategic acquisitions have increased our size, scale and reach, complementing our organic growth profile as we have become a leading provider of CRO services. Our acquisitions have enabled us to expand our global service offerings across all four phases of biopharmaceutical clinical development while also allowing us to achieve significant synergies and cost reductions. We will continue to evaluate opportunities to acquire and integrate selective tuck-in acquisitions within the CRO sector in order to strengthen our competitive position and realize attractive returns on our investments.

***Driving our human capital asset base to grow existing relationships.*** As a clinical service provider, our employees are critical to our ability to deliver our innovative operational model by engaging with customers, delivering clinical development services in a complex environment, and supporting and executing our growth strategy. All employees undergo comprehensive initial orientation and ongoing training, including a focus on our Trusted Process® methodology. Our recruiting and retention efforts are geared toward maintaining and growing a stable work force focused on delivering results for customers. We have a successful track record of integrating talent from prior acquisitions and believe we have a best-in-class pool of highly experienced project management and clinical research associates, or CRAs. A significant majority of our CRAs are specifically trained in individual therapeutic areas, with over 60% of our CRAs focused on CNS, oncology or other complex diseases. In addition, 85% of our CRAs are principally focused in one therapeutic area, and over 70% of our CRAs are solely focused in their area of expertise.

**Implications of Being an Emerging Growth Company**

As a company with less than \$1.0 billion in revenues during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other regulatory requirements for up to five years that are otherwise applicable generally to public companies. These provisions include, among other matters:

a requirement to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations;

exemption from the auditor attestation requirement on the effectiveness of our system of internal control over financial reporting;

exemption from the adoption of new or revised financial accounting standards until they would apply to private companies;

exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;

Table of Contents

an exemption from the requirement to seek non-binding advisory votes on executive compensation and golden parachute arrangements; and

reduced disclosure about executive compensation arrangements.

We will remain an emerging growth company for five years unless, prior to that time, we (i) have more than \$1.0 billion in annual revenues, (ii) have a market value for our Class A common stock held by non-affiliates of more than \$700 million as of the last day of our second fiscal quarter of the fiscal year when a determination is made whether we are deemed to be a "large accelerated filer," as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, or (iii) issue more than \$1.0 billion of non-convertible debt over a three-year period. We have availed ourselves of the reduced reporting obligations with respect to executive compensation disclosure in this prospectus, and expect to continue to avail ourselves of the reduced reporting obligations available to emerging growth companies in future filings to the extent available.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new and revised accounting standards. An emerging growth company can, therefore, delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to "opt out" of that extended transition period and, as a result, we plan to comply with new and revised accounting standards on the relevant dates on which adoption of those standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new and revised accounting standards is irrevocable.

As a result of our decision to avail ourselves of certain provisions of the JOBS Act, the information that we provide may be different than what you may receive from other public companies in which you hold an equity interest. In addition, it is possible that some investors will find our Class A common stock less attractive as a result of our elections, which may cause a less active trading market for our Class A common stock and more volatility in our stock price.

**Risks Associated with Our Business**

Investing in our Class A common stock involves a number of risks, including the following:

If we do not generate a large number of new business awards, or if new business awards are delayed, terminated, or reduced in scope or fail to go to contract, our business, financial condition, results of operations or cash flows may be materially adversely affected.

Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue reflected in our backlog.

Our operating results have historically fluctuated between fiscal quarters and may continue to fluctuate in the future, which may adversely affect the market price of our stock after this offering.

We have a history of net losses which may continue and which may negatively impact our ability to achieve or sustain profitability.

If we underprice our contracts, overrun our cost estimates or fail to receive approval for or experience delays in documentation of change orders, our business, financial condition, results of operations or cash flows may be materially adversely affected.



Table of Contents

Our business depends on the continued effectiveness and availability of our information systems, including the information systems we use to provide services to our customers, and failures of these systems may materially limit our operations.

Our customer or therapeutic area concentration may have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our business is subject to international economic, political and other risks that could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation.

If we are unable to successfully increase our market share, our ability to grow our business and execute our growth strategies could be materially adversely affected.

If we fail to perform our services in accordance with contractual requirements, regulatory standards and ethical considerations, we could be subject to significant costs or liability and our reputation could be harmed.

We may be affected by healthcare reform and potential additional reforms which may adversely impact the biopharmaceutical industry and reduce the need for our services or negatively impact our profitability.

Our substantial debt could adversely affect our financial condition.

We will incur increased costs and obligations as a result of being a public company.

Our Sponsors, as defined below, will effectively control our company, and their interests may be different from or conflict with those of our other stockholders.

These and other risks are more fully described in the section entitled "Risk Factors" below, which you should carefully read and consider before making a decision to invest in our Class A common stock. If any of these risks actually occur, our business, financial condition, results of operations, cash flows or reputation would likely be materially adversely affected. In such case, the trading price of our Class A common stock would likely decline, and you could lose all or part of your investment.

### **Our Sponsors**

Following the closing of this offering, affiliates of Avista Capital Partners, L.P., or Avista, and affiliates of Teachers Private Capital, or Teachers, the private investment arm of Ontario Teachers' Pension Plan Board, or OTPP, together will own a majority of our outstanding Class A common stock. We expect that following this offering Avista will own approximately 50.3% of our outstanding Class A common stock, or 48.6% if the underwriters' option to purchase additional shares is fully exercised, and Teachers will own approximately 29.0% of our outstanding Class A common stock, or 29.0% if the underwriters' option to purchase additional shares is fully exercised, and 100% of our outstanding Class B common stock following this offering. The Class A common stock and Class B common stock are each entitled to one vote per share and are substantially identical, except that Class B common stock will not carry the right to vote on the election of directors, and each share of Class B common stock will be convertible (on a one-for-one basis) into Class A common stock at any time at the election of the holder. We expect Avista and Teachers will each own approximately 41.5% of our Class A common stock assuming the conversion of all of the outstanding shares of new Class B common stock into shares of new Class A common stock. As a result, Avista and Teachers (each, a "Sponsor" and together, the "Sponsors") will be able to exert significant voting influence over fundamental and significant corporate matters and transactions. See "Risk Factors Risks Related to Our Class A Common Stock and this Offering Our Sponsors





Table of Contents

will effectively control our company, and their interests may be different from or conflict with those of our other stockholders" and "Principal Stockholders."

Avista is a leading private equity firm with over \$5 billion of assets under management and offices in New York, NY, Houston, TX and London, UK. Founded in 2005 as a spin-out from the former DLJ Merchant Banking Partners, or DLJMB, franchise, Avista makes controlling or influential minority investments primarily in growth-oriented healthcare, energy, communications and media, industrial and consumer businesses. Through its team of seasoned investment professionals and industry experts, Avista seeks to partner with exceptional management teams to invest in and add value to well-positioned businesses.

OTPP is the largest single-profession pension plan in Canada, managing C\$140.8 billion in net assets as of December 31, 2013. It is an independent organization responsible for investing the pension fund's assets and administering the pensions of Ontario's 307,000 active and retired teachers. OTPP has offices in Toronto, New York, London and Hong Kong. Teachers is the private investment arm of OTPP, managing \$14.8 billion in invested capital as of December 31, 2013.

### **Corporate Reorganization**

Prior to the consummation of this offering, we will effect a corporate reorganization, whereby our direct, wholly-owned subsidiary, INC Intermediate, will merge with and into us, and we will be the surviving entity of such merger. Prior to the merger, we will effect an 8.45 for 1 reverse stock split of our Class A and our Class B common stock, with any fractional share rounded to the nearest whole number. As part of the merger, (i) each currently outstanding share of Class A common stock held by stockholders other than an affiliate of OTPP will be converted into one share of new Class A common stock, (ii) each currently outstanding share of Class A common stock held by an affiliate of OTPP will be converted into one share of new Class B common stock, (iii) each currently outstanding share of Class B common stock will be converted into one share of Class D common stock, and (iv) each currently outstanding share of Class C common stock will be converted into one share of new Class C common stock. Following the merger and prior to this offering, we will redeem all of the outstanding shares of new Class C common stock and Class D common stock for \$3.4 million and \$9,000, respectively, using cash on hand. Subsequent to such redemptions of the new Class C common stock and Class D common stock, we will amend and restate our certificate of incorporation to eliminate the new Class C common stock and the Class D common stock from our authorized common stock. Immediately following the merger, an affiliate of OTPP will convert the relevant number of shares of new Class B common stock into new Class A common stock such that affiliates of OTPP hold no more than 29% of the total issued and outstanding new Class A common stock after giving effect to this offering. We refer to these steps, including the reverse stock split, as the "corporate reorganization." The corporate reorganization will not affect our operations, which we will continue to conduct through our operating subsidiaries. See "Corporate Reorganization."

### **Refinancing**

Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility pursuant to our Amended and Restated Credit Agreement. We intend to use the proceeds of the \$134.0 million of additional term loan borrowings, along with the proceeds of this offering and, assuming an initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, \$73.1 million of cash on hand to redeem all of our outstanding \$300.0 million aggregate principal amount of Notes and pay any redemption premiums, make-whole interest and related fees and expenses. See "Description of Material Indebtedness."

Table of Contents

**Our Structure**

The diagram below reflects a simplified overview of our organizational structure following the corporate reorganization, the refinancing of our senior secured credit facilities and this offering (including the application of the net proceeds therefrom):

- 
- (1) References to our senior secured facilities are to our new revolving credit facility and term loan facility that we intend to enter into concurrently with the closing of this offering. See "Description of Material Indebtedness Senior Secured Facilities."

**Corporate Information**

We are a Delaware corporation and were incorporated on August 13, 2010. Our principal executive office is located at 3201 Beechleaf Court, Suite 600, Raleigh, North Carolina 27604-1547. Our telephone number at our principal executive office is (919) 876-9300. Our corporate website is [www.incresearch.com](http://www.incresearch.com). The information on our corporate website is not part of, and is not incorporated by reference into, this prospectus.

Table of Contents

**THE OFFERING**

<b>Class A common stock offered by us</b>	8,108,108 shares (9,324,324 shares if the underwriters' option to purchase additional shares is exercised in full).
<b>Class A common stock to be outstanding after this offering</b>	49,483,408 shares (51,196,389 shares if the underwriters' option to purchase additional shares is exercised in full).
<b>Option to purchase additional shares of Class A common stock</b>	The underwriters have the option to purchase up to an additional 1,216,216 shares of Class A common stock from us to cover over-allotments. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
<b>Class B common stock outstanding after this offering</b>	10,530,759 shares (10,033,994 shares if the underwriters option to purchase additional shares is exercised is full).
<b>Voting rights</b>	Each share of the Class A common stock and Class B common stock are entitled to one vote per share, except that Class B common stock will not carry the right to vote on the election of directors.
<b>Conversion rights</b>	The shares of Class B common stock are convertible into Class A common stock, in whole or in part, at any time and from time to time at the option of the holder, on a one-for-one basis, subject to adjustment for any stock splits, combinations or similar events. The shares of Class A common stock are convertible into Class B common stock on a one-for-one basis, in whole or in part, at any time and from time to time at the option of the holder so long as such holder holds Class B common stock following the corporate reorganization, subject to adjustment for any stock splits, combinations or similar events.
<b>Use of proceeds</b>	We estimate that the net proceeds to us from our sale of 8,108,108 shares of Class A common stock in this offering will be approximately \$135.0 million, after deducting estimated underwriting discounts and commissions and estimated expenses payable by us in connection with this offering. This assumes a public offering price of \$18.50, which is the midpoint of the price range set forth on the cover of this prospectus. We expect to use substantially all of the net proceeds from this offering, \$134.0 million of additional term loans under our new senior secured credit facilities, less discounts and fees of \$8.2 million, and approximately \$73.1 million of cash on hand to redeem all of our outstanding Notes and pay any redemption premiums, make-whole interest and related fees and expenses, to result in a cash outflow of \$336.5 million upon the consummation of this offering.

Table of Contents

	Additionally, in connection with the corporate reorganization and this offering, we expect to use \$3.4 million of cash on hand to redeem our New Class C common stock, \$9,000 of cash on hand to redeem our New Series D common stock, and \$3.4 million of cash on hand to terminate our Advisory Services Agreement with Avista. See "Use of Proceeds."
<b>Dividend policy</b>	We do not anticipate paying any dividends on our common stock in the foreseeable future; however, we may change this policy in the future. See "Dividend Policy."
<b>Risk factors</b>	Investing in our Class A common stock involves a high degree of risk. See "Risk Factors" beginning on page 17 of this prospectus for a discussion of factors you should consider carefully before investing in our Class A common stock.
<b>Proposed trading symbol</b>	"INCR."
Unless otherwise indicated, the number of shares of our common stock outstanding after this offering:	

gives effect to the corporate reorganization, including the conversion of existing Class A common stock into 60,014,167 shares of new Class A common stock (including 10,530,759 shares of new Class B common stock outstanding following the corporate reorganization, which are convertible into shares of our Class A common stock on a one-for-one basis at any time at the option of the holders);

excludes 3,876,336 shares of our Class A common stock issuable upon exercise of outstanding stock options as of September 30, 2014 with a weighted average exercise price of \$11.49 per share; and

excludes 3,272,828 shares of our Class A common stock reserved for the future issuance under our 2014 Equity Incentive Plan, or the 2014 Plan.

In addition, except where otherwise stated:

the information in this prospectus gives effect to our corporate reorganization (including an 8.45 for 1 reverse stock split of our Class A common stock) and the concurrent refinancing of our senior secured credit facilities as described in "Corporate Reorganization," "Refinancing" and "Description of Other Indebtedness";

the information in this prospectus gives effect to our amended and restated certificate of incorporation and our amended and restated bylaws, which will be in effect prior to the consummation of this offering; and

the information in this prospectus assumes no exercise of the underwriters' over-allotment option to purchase up to 1,216,216 additional shares from us.

Unless otherwise indicated, this prospectus assumes an initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus.

Table of Contents**SUMMARY AND PRO FORMA CONSOLIDATED FINANCIAL DATA**

The following tables set forth our summary and pro forma consolidated financial data for the periods ending on and as of the dates indicated. We derived the consolidated statements of operations data for the years ended December 31, 2011, December 31, 2012 and December 31, 2013 from our audited consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2013 and September 30, 2014 and the consolidated balance sheet data as of September 30, 2014 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited consolidated financial information set forth below on the same basis as our audited consolidated financial statements and have included all adjustments, consisting of only normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for such periods. The results for any interim period are not necessarily indicative of the results that may be expected for a full year.

The summary unaudited pro forma data for the periods presented and the unaudited pro forma as adjusted balance sheet data as of September 30, 2014 have been prepared to give pro forma effect to the corporate reorganization, the refinancing of our senior secured credit facilities, the sale of our Class A common stock in this offering and the application of the net proceeds therefrom, including the repayment of certain indebtedness, as described in "Use of Proceeds."

Our historical results are not necessarily indicative of future results of operations. You should read the information set forth below together with "Selected and Pro Forma Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Capitalization" and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	Year Ended December 31,			Nine Months Ended September 30,	
	2011(1)	2012	2013	2013	2014
	(in thousands, except per share amounts)				
<b>Statement of Operations Data:</b>					
Net service revenue	\$ 437,005	\$ 579,145	\$ 652,418	\$ 478,053	\$ 596,003
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	262,997	255,141
Total revenue	655,986	868,600	995,090	741,050	851,144
Direct costs	279,840	389,056	432,261	320,182	381,102
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	262,997	255,141
Selling, general and administrative	95,063	109,428	117,890	83,699	104,332
Restructuring and other costs(2)	27,839	35,380	11,828	10,249	6,126
Transaction expenses(3)	10,322		508	324	2,042
Goodwill and intangible assets impairment(4)		4,000			17,245
Depreciation	15,700	19,915	19,175	13,934	16,628
Amortization	48,436	58,896	39,298	29,488	23,337
Income (loss) from operations	(40,195)	(37,530)	31,458	20,177	45,191
Interest expense, net	(65,482)	(62,007)	(60,489)	(44,358)	(41,627)
Other income (expense), net	11,519	4,679	(1,649)	(1,436)	6,177
Income (loss) before provision for income taxes	(94,158)	(94,858)	(30,680)	(25,617)	9,741
Income tax benefit (expense)	34,611	35,744	(10,849)	(2,933)	16,569

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Net (loss) income	(59,547)	(59,114)	(41,529)	(28,550)	26,310
Class C common stock dividend	(4,500)	(500)	(500)	(375)	(375)

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Table of Contents

	Year Ended December 31,			Nine Months Ended September 30,	
	2011(1)	2012	2013	2013	2014
	(in thousands, except per share amounts)				
Net (loss) income attributable to Class A common stockholders	\$ (64,047)	\$ (59,614)	\$ (42,029)	\$ (28,925)	\$ 25,935
Net (loss) income per Class A common share:					
Basic	\$ (1.46)	\$ (1.14)	\$ (0.81)	\$ (0.56)	\$ 0.50
Diluted	(1.46)	(1.14)	(0.81)	(0.56)	0.50
Weighted average Class A common shares outstanding:					
Basic	43,875	52,203	52,009	52,021	51,900
Diluted	43,875	52,203	52,009	52,021	52,215
<b>Unaudited Pro Forma Data:</b>					
Pro forma net (loss) income attributable to common stockholders(5)			\$ (5,390)	\$	49,092
Pro forma basic net (loss) income per common share(5)			\$ (0.09)	\$	0.82
Pro forma diluted net (loss) income per common share(5)			\$ (0.09)	\$	0.81
Pro forma weighted average common shares outstanding(5):					
Basic			60,117		60,008
Diluted			60,117		60,323
<b>Statement of Cash Flow Data:</b>					
Net cash (used in) provided by:					
Operating activities	\$ (18,533)	\$ 42,999	\$ 37,270	\$ 12,407	\$ 117,328
Investing activities	(369,670)	(12,974)	(17,714)	(12,559)	(20,041)
Financing activities	422,053	(18,932)	(6,841)	(4,783)	(8,213)
<b>Other Financial Data:</b>					
EBITDA(6)	\$ 35,460	\$ 45,960	\$ 88,282	\$ 62,163	\$ 91,333
Adjusted EBITDA(6)	65,450	84,366	105,521	75,681	113,936
Adjusted Net (Loss) Income(6)	(3,711)	2,735	15,375	10,174	38,971
Diluted Adjusted Net (Loss) Income per common share(6)	\$ (0.08)	\$ 0.05	\$ 0.30	\$ 0.20	\$ 0.75
Adjusted Net Income, giving effect to the offering(6)			38,458		53,560
Diluted Adjusted Net Income per common share, giving effect to the offering(6)			\$ 0.64	\$	0.89
Capital expenditures	4,763	9,591	17,714	12,559	17,739
Cash dividend paid to Class C stockholders	4,500	500	500	375	375
<b>Operating Data:</b>					
Backlog(7)	\$ 1,221,641	\$ 1,320,548	\$ 1,490,787	\$ 1,372,451	\$ 1,505,973
Net new business awards(8)	449,254	676,250	814,177	528,955	633,529
Net Book-to-Bill ratio(8)	1.0x	1.2x	1.2x	1.1x	1.1x



Table of Contents

## As of September 30, 2014

	Actual	Pro Forma(10)	Pro Forma As Adjusted(11)
	(in thousands)		
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 185,803	\$ 182,419	\$ 105,960
Total assets	1,316,041	1,312,657	1,229,743
Total debt and capital leases(9)	588,405	588,405	421,427
Total stockholders' equity	293,488	290,104	371,503

- (1) We acquired Trident Clinical Research Pty Ltd., or Trident, on June 1, 2011 and Kendle International Inc., or Kendle, on July 12, 2011. The financial results of these entities have been included as of and since the date of acquisition. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations The Effect of Acquisitions on the Comparability of Our Historical Financial Statements" and Note 3 to our consolidated financial statements included elsewhere in this prospectus.
- (2) Restructuring and other costs consist of (i) severance costs associated with the reduction of our workforce in line with our future business operations and duplicative staff as a result of our acquisitions of Kendle and Trident, and (ii) lease obligation and termination costs in connection with the abandonment and closure of redundant facilities as a result of our restructuring initiatives. Other costs consist primarily of information technology and other consulting and legal fees attributable to our integration of Kendle.
- (3) Transaction expenses of \$10.3 million for the year ended December 31, 2011 were related to legal fees, accounting fees and the noncapitalizable portion of bank fees related to our acquisition of Kendle. Transaction expenses of \$0.5 million for the year ended December 31, 2013 were related to third-party fees associated with debt refinancing and the legal fees associated with our acquisition of MEK Consulting in March 2014, which we refer to as the MEK Consulting acquisition. For the nine months ended September 30, 2013, transaction expenses were \$0.3 million of legal fees associated with debt refinancing in February 2013. For the nine months ended September 30, 2014, transaction expenses were \$2.0 million and consisted of \$1.7 million of third-party fees associated with the debt refinancing and \$0.3 million of legal fees associated with the MEK Consulting acquisition.
- (4) During the year ended December 31, 2012, we recorded a \$4.0 million impairment charge related to the goodwill associated with our Phase I Services reporting unit. During the nine months ended September 30, 2014, we recorded a \$17.2 million impairment charge related to intangible assets and goodwill associated with our Phase I Services and Global Consulting reporting units.
- (5) Pro forma net income and earnings per share:
- Unaudited pro forma net (loss) income gives effect to the estimated adjustments to interest expense and amortization of debt issuance costs related to (a) the repurchase of all of our outstanding Notes and (b) \$134.0 million of additional term loans under our new senior secured credit facilities described in "Description of Material Indebtedness," the proceeds of which, along with \$135.0 million proceeds from the initial public offering and \$73.1 million of existing cash, will be used to repurchase such outstanding Notes, as described in "Use of Proceeds." Unaudited pro forma earnings per share gives effect to the sale of the number of shares of Class A common stock required, using an assumed initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus, to (i) fund the proceeds used to repay the Notes and (ii) give effect to our corporate reorganization immediately prior to the consummation of this offering.

For further details see "Selected and Pro Forma Consolidated Financial Data" included elsewhere in this prospectus.



Table of Contents

- (6) We report our financial results in accordance with GAAP. To supplement this information, we also use the following non-GAAP financial measures in this prospectus: EBITDA, Adjusted EBITDA, Adjusted Net Income (including diluted Adjusted Net Income per share) and Adjusted Net Income, giving effect to the offering (including diluted Adjusted Net Income per share, giving effect to the offering). For a discussion of the non-GAAP financial measures in this prospectus, see "Non-GAAP Financial Measures." For reconciliations of EBITDA, Adjusted EBITDA, and Adjusted Net Income (including diluted Adjusted Net Income per share) to our closest reported GAAP measures, see "Selected and Pro Forma Consolidated Financial Data."
- (7) Backlog consists of anticipated net service revenue from contract and pre-contract commitments that are supported by written communications. The dollar amount of our backlog consists of anticipated future net service revenue from business awards that either have not started but are anticipated to begin in the next 12 months, or are in process and have not been completed. The majority of our contracts can be terminated by our customers with 30 days' notice. Backlog has been adjusted to reflect any cancellations or adjustments to the related contracts and changes in the foreign currency exchange rates of awards not denominated in U.S. dollars. Included within backlog at September 30, 2014 is approximately \$0.2 billion that we expect to generate revenue in 2014 and \$0.7 billion in 2015, with the remainder expected to generate revenue beyond 2015. Backlog is not necessarily indicative of future financial performance because it will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several years, project change orders resulting in increases or decreases in project scope and cancellations.
- (8) Net new business awards represent the value of future net service revenue awarded during the period supported by contracts or written pre-contract communications from our customers for projects that have received appropriate internal funding approval, are not contingent upon completion of another trial or event, and are expected to commence within the next 12 months, minus the value of cancellations in the same period. Net book-to-bill ratio represents "net new business awards" divided by net service revenue. We believe net book-to-bill ratio is commonly used in our industry and represents a useful indicator of our potential future revenue growth rate as it measures the rate at which we are generating net new business awards compared to our current revenues. Net book-to-bill is best viewed on a trailing twelve month basis due to the variability within any particular quarter that can be caused by a very large award or cancellation. The trailing twelve month net book-to-bill ratio for September 30, 2013 and September 30, 2014 was 1.0x and 1.2x, respectively. Our book-to-bill ratio in the third quarter of 2014 was 1.2x and has been 1.2x or above in four of the last five quarters with a book-to-bill ratio that reached a high of 1.8x during the third quarter of 2013. We cannot assure you that the net book-to-bill rate is predictive of future financial performance because it will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several years, project change orders resulting in increases or decreases in project scope and cancellations.
- (9) Includes \$3.3 million of unamortized discounts as of September 30, 2014.
- (10) Pro forma information gives effect to our corporate reorganization as described in "Corporate Reorganization" immediately prior to the consummation of this offering.
- (11) Pro forma as adjusted information gives effect to our corporate reorganization as described in "Corporate Reorganization" and the concurrent refinancing of our senior secured credit facilities as described in "Description of Material Indebtedness" and adjusts our capitalization to reflect the sale of 8,108,108 shares of our Class A common stock in this offering by us at an assumed initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds from this offering as described in "Use of Proceeds."

Table of Contents

**RISK FACTORS**

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below together with the other information included in this prospectus, including our consolidated financial statements and the related notes thereto included elsewhere in this prospectus, before deciding to purchase our Class A common stock. The occurrence of any of the following risks may materially and adversely affect our business, financial condition, results of operations, cash flows, reputation and future prospects. In this event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

**Risks Related to Our Business**

*If we do not generate a large number of new business awards, or if new business awards are delayed, terminated, reduced in scope or fail to go to contract, our business, financial condition, results of operations or cash flows may be materially adversely affected.*

Our business is dependent on our ability to generate new business awards from new and existing customers and maintain existing customer contracts for clinical development services and other services. Our inability to generate new business awards on a timely basis and subsequently enter into contracts for such awards could have a material adverse effect on our business, financial condition, results of operations or cash flows.

The time between when a study is awarded and when it goes to contract is typically several months, and prior to a new business award going to contract, our customers can cancel the award without notice. Once an award goes to contract, the majority of our customers can terminate the contract with 30 days' notice. Our contracts may be delayed or terminated by our customers or reduced in scope for a variety of reasons beyond our control, including but not limited to:

decisions to forego or terminate a particular trial;

lack of available financing, budgetary limits or changing priorities;

actions by regulatory authorities;

production problems resulting in shortages of the drug being tested;

failure of products being tested to satisfy safety requirements or efficacy criteria;

unexpected or undesired clinical results for products;

insufficient patient enrollment in a trial;

insufficient principal investigator recruitment;

shift of business to a competitor or internal resources; or

product withdrawal following market launch.

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As a result, contract terminations, delays and modifications are a regular part of our business. In the event of termination, our contracts often provide for fees for winding down the project, which include both fees incurred and actual and noncancellable expenditures and may include a fee to cover a percentage of the remaining professional fees on the project. These fees may not be sufficient for us to maintain our margins, and termination may result in lower resource utilization rates and therefore lower operating margins. In addition, cancellation of a clinical trial for the reasons noted above may also result in the unwillingness or inability of our customer to satisfy certain associated accounts receivable, which may in turn result in a material impact to our results of operations and cash flow. Historically, cancellations and delays have negatively impacted our

Table of Contents

operating results. In addition, we might not realize the full benefits of our backlog if our customers cancel, delay or reduce their commitments to us, which may occur if, among other things, a customer decides to shift its business to a competitor or revoke our status as a preferred provider. Thus, the loss or delay of a large business award or the loss or delay of multiple awards could adversely affect our service revenues and profitability. Additionally, a change in the timing of a new business award could affect the period over which we recognize revenue and reduce our revenue in any one quarter.

*Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue reflected in our backlog.*

Backlog consists of anticipated net service revenue awarded from contract and pre-contract commitments that are supported by written communications. Once work begins on a project, revenue is recognized over the duration of the project, provided the award has gone to contract. Projects may be canceled or delayed by the customer or delayed by regulatory authorities for reasons beyond our control. To the extent projects are delayed, the timing of our revenue could be adversely affected. In addition, if a customer terminates a contract, we typically would be entitled to receive payment for all services performed up to the termination date and subsequent customer-authorized services related to terminating the canceled project. Typically, however, we have no contractual right to the full amount of the future revenue reflected in our backlog in the event of a contract termination or subsequent changes in scope that reduce the value of the contract. The duration of the projects included in our backlog, and the related revenue recognition, typically range from a few months to several years. Our backlog might not be indicative of our future revenues, and we might not realize all the anticipated future revenue reflected in our backlog. A number of factors may affect backlog, including:

- the size, complexity and duration of projects;
- the cancellation or delay of projects;
- the failure of one or more business awards to go to contract; and
- changes in the scope of work during the course of projects.

The rate at which our backlog converts to revenue may vary over time. The revenue recognition on larger, more global projects could be slower than on smaller, more regional projects for a variety of reasons, including, but not limited to, an extended period of negotiation between the time the project is awarded to us and the actual execution of the contract, as well as an increased timeframe for obtaining the necessary regulatory approvals. Additionally, delayed projects remain in backlog unless otherwise canceled by the customer, but do not generate revenue at the rate originally expected.

Our backlog at September 30, 2014 was \$1.5 billion. Although an increase in backlog will generally result in an increase in revenues over time, an increase in backlog at a particular point in time does not necessarily correspond directly to an increase in revenues during any particular period, or at all. The extent to which contracts in backlog will result in revenue depends on many factors, including, but not limited to, delivery against project schedules, scope changes, contract terminations and the nature, duration and complexity of the contracts, and can vary significantly over time.

Table of Contents

***Our operating results have historically fluctuated between fiscal quarters and may continue to fluctuate in the future, which may adversely affect the market price of our stock after this offering.***

Our operating results have fluctuated in previous quarters and years and may continue to vary significantly from quarter to quarter and are influenced by a variety of factors, such as:

timing of contract amendments for changes in scope that could affect the value of a contract and potentially impact the amount of net new business awards and net service revenues from quarter to quarter;

commencement, completion, execution, postponement or termination of large contracts;

contract terms for the billing and recognition of revenue milestones;

progress of ongoing contracts and retention of customers;

timing of and charges associated with completion of acquisitions and other events;

changes in the mix of services delivered, both in terms of geography and type of services;

potential customer disputes or other issues that may impact the revenue we are able to recognize or the collectability of our related accounts receivable; and

exchange rate fluctuations.

Our operating results for any particular quarter are not necessarily a meaningful indicator of future results and fluctuations in our quarterly operating results could negatively affect the market price and liquidity of our shares.

***We have a history of net losses which may continue and which may negatively impact our ability to achieve or sustain profitability.***

We have a history of net losses and cannot assure you that we will achieve or sustain profitability on a quarterly or annual basis in the future. For the nine months ended September 30, 2014, we had net income of \$26.3 million. However, we incurred net losses for the years ended December 31, 2011, 2012 and 2013 of \$59.5 million, \$59.1 million and \$41.5 million, respectively. If we cannot maintain our profitability, the value of our stock price may be impacted.

***If we underprice our contracts, overrun our cost estimates or fail to receive approval for or experience delays in documentation of change orders, our business, financial condition, results of operations or cash flows may be materially adversely affected.***

We price our contracts based on assumptions regarding the scope of work required and cost to complete the work. We bear the financial risk if we initially underprice our contracts or otherwise overrun our cost estimates, which could adversely affect our cash flows and financial performance. In addition, contracts with our customers are subject to change orders, which occur when the scope of work we perform needs to be modified from that originally contemplated in our contract with the customers. This can occur, for example, when there is a change in a key study assumption or parameter or a significant change in timing. We may be unable to successfully negotiate changes in scope or change orders on a timely basis or at all, which could require us to incur cost outlays ahead of the receipt of any additional revenue. In addition, under GAAP, we cannot recognize additional revenue anticipated from change orders until appropriate documentation is received by us from the customer authorizing the change. However, if we incur additional expense in anticipation of receipt of that documentation, we must recognize the expense as incurred. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations or cash flows.





Table of Contents

***Our business depends on the continued effectiveness and availability of our information systems, including the information systems we use to provide services to our customers, and failures of these systems may materially limit our operations.***

Our information systems comprise systems we have purchased or developed, legacy information systems from organizations we have acquired and, increasingly, due to the global nature of our business and our reliance on information systems (both internal and external) to provide our services, web-enabled and other integrated information systems. In using these information systems, we frequently rely on third-party vendors to provide hosting services, where our infrastructure is dependent upon the reliability of their underlying platforms, facilities and communications systems. We also utilize integrated information systems that we provide customers access to or install for our customers in conjunction with our delivery of services.

As the breadth and complexity of our information systems continue to grow, we will increasingly be exposed to the risks inherent in maintaining the stability of our legacy systems due to prior customization, attrition of employees or vendors involved in their development, and obsolescence of the underlying technology. Because certain customers and clinical trials may be dependent upon these legacy systems, we also face an increased level of embedded risk in maintaining the legacy systems and limited options to mitigate such risk. We are also exposed to risks associated with the availability of all our information systems, including:

disruption, impairment or failure of data centers, telecommunications facilities or other key infrastructure platforms, including those maintained by our third-party vendors;

security breaches of, cyber-attacks on and other failures or malfunctions in our critical application systems or their associated hardware; and

excessive costs, excessive delays or other deficiencies in systems development and deployment.

The materialization of any of these risks may impede the processing of data, the delivery of databases and services, and the day-to-day management of our business and could result in the corruption, loss or unauthorized disclosure of proprietary, confidential or other data. While we have disaster recovery plans in place, they might not adequately protect us in the event of a system failure. Despite any precautions we take, damage from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break-ins and similar events at our various computer facilities or those of our third-party vendors could result in interruptions in the flow of data to us and from us to our customers. Corruption or loss of data may result in the need to repeat a trial at no cost to the customer, but at significant cost to us, the termination of a contract or damage to our reputation. Additionally, significant delays in system enhancements or inadequate performance of new or upgraded systems once completed could damage our reputation and harm our business. Finally, long-term disruptions in the infrastructure caused by events such as natural disasters, the outbreak of war, the escalation of hostilities and acts of terrorism, particularly involving cities in which we have offices, could adversely affect our businesses. As our business continues to expand globally, these types of risks may be further increased by instability in the geopolitical climate of certain regions, underdeveloped and less stable utilities and communications infrastructure, and other local and regional factors. Although we carry property and business interruption insurance which we believe is customary for our industry, our coverage might not be adequate to compensate us for all losses that may occur.

Unauthorized disclosure of sensitive or confidential data, whether through systems failure or employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose customers. Similarly, we have been and expect that we will continue to be subject to attempts to gain unauthorized access to or through our information systems or those we internally or externally

Table of Contents

develop for our customers, including a cyber-attack by computer programmers and hackers who may develop and deploy viruses, worms or other malicious software programs. To date these attacks have not had a material impact on our operations or financial results. Nonetheless, successful attacks in the future could result in negative publicity, significant remediation costs, legal liability and damage to our reputation and could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, our liability insurance might not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

***Our customer or therapeutic area concentration may have a material adverse effect on our business, financial condition, results of operations or cash flows.***

If any large customer decreases or terminates its relationship with us, our business, financial condition, results of operations or cash flows could be materially adversely affected. For the year ended December 31, 2013, our top ten customers based on revenue accounted for approximately 44% of our net service revenue and our top ten customers based on backlog accounted for approximately 58% of our total backlog. Various subsidiaries of Otsuka Holdings Co., Ltd. accounted for approximately 12%, 12% and 15% of our net service revenue in the years ended December 31, 2011, 2012 and 2013, respectively. It is possible that an even greater portion of our revenues will be attributable to a smaller number of customers in the future. Also, consolidation in our potential customer base results in increased competition for important market segments and fewer available customer accounts.

Additionally, conducting multiple clinical trials for different sponsors in a single therapeutic class involving drugs with the same or similar chemical action may adversely affect our business if some or all of the trials are canceled because of new scientific information or regulatory judgments that affect the drugs as a class. Similarly, marketing and selling products for different sponsors with similar drug action subjects us to risk if new scientific information or regulatory judgment prejudices the products as a class, leading to compelled or voluntary prescription limitations or withdrawal of some or all of the products from the market.

***Our business is subject to international economic, political and other risks that could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation.***

We have operations in many foreign countries, including, but not limited to, countries in the Asia-Pacific region, Europe, Latin America and the Middle East and Africa. As of September 30, 2014, approximately 56.8% of our workforce was located outside of the United States, and for the fiscal year ended December 31, 2013, approximately 28.2% of our net service revenue was billed to locations outside the United States. Our international operations are subject to risks and uncertainties inherent in operating in these regions, including:

conducting a single trial across multiple countries is complex, and issues in one country, such as a failure to comply with or unanticipated changes to local regulations or restrictions such as restrictions on import or export of clinical trial material or availability of clinical trial data may affect the progress of the trial in the other countries, resulting in delays or potential termination of contracts, which in turn may result in loss of revenue;

the United States or other countries could enact legislation or impose regulations or other restrictions, including unfavorable labor regulations, tax policies, data protection regulations or economic sanctions, which could have an adverse effect on our ability to conduct business in or expatriate profits from the countries in which we operate;

Table of Contents

foreign countries are expanding or may expand their banking regulations that govern international currency transactions, particularly cross-border transfers, which may inhibit our ability to transfer funds into or within a jurisdiction, impeding our ability to pay our principal investigators, vendors and employees, thereby impacting our ability to conduct trials in such jurisdictions;

foreign countries are expanding or may expand their regulatory framework with respect to patient informed consent, protection and compensation in clinical trials, additional transparency reporting requirements (similar to the Physician Payment Sunshine Act in the United States), which could delay, inhibit or prohibit our ability to conduct trials in such jurisdictions;

the regulatory or judicial authorities of foreign countries might not enforce legal rights and recognize business procedures in a manner in which we are accustomed or would reasonably expect;

changes in political and economic conditions, including inflation, may lead to changes in the business environment in which we operate, as well as changes in foreign currency exchange rates;

potential violations of existing or newly adopted local laws or anti-bribery laws, such as the United States Foreign Corrupt Practices Act, or FCPA, and the UK Bribery Act of 2010, may cause a material adverse effect on our business, financial condition, results of operations, cash flows or reputation;

customers in foreign jurisdictions may have longer payment cycles, and it may be more difficult to collect receivables in those jurisdictions;

natural disasters, pandemics or international conflict, including terrorist acts, could interrupt our services, endanger our personnel or cause project delays or loss of trial materials or results;

political unrest, such as the current situation in the Ukraine, could delay or disrupt the ability to conduct clinical trials; and

foreign governments may enact currency exchange controls that may limit the ability to fund our operations or significantly increase the cost of maintaining operations.

These risks and uncertainties could negatively impact our ability to, among other things, perform large, global projects for our customers. Furthermore, our ability to deal with these issues could be affected by applicable U.S. laws. Any such risks could have an adverse impact on our business, financial condition, results of operations, cash flows or reputation.

***Governmental authorities may question our intercompany transfer pricing policies or change their laws in a manner that could increase our effective tax rate or otherwise harm our business.***

As a U.S. company doing business in international markets through subsidiaries, we are subject to foreign tax and intercompany pricing laws, including those relating to the flow of funds between the parent and subsidiaries. Regulators in the United States and in foreign markets closely monitor our corporate structure and how we account for intercompany fund transfers. If regulators challenge our corporate structure, transfer pricing mechanisms or intercompany transfers, our operations may be negatively impacted and our effective tax rate may increase. Tax rates vary from country to country and if regulators determine that our profits in one jurisdiction should be increased, we might not be able to fully utilize all foreign tax credits that are generated, which would increase our effective tax rate. Additionally, the Organization for Economic Cooperation and

Table of Contents

Development, or OECD, has issued certain proposed guidelines regarding base erosion and profit sharing. Once these guidelines are formally adopted by the OECD, it is possible that separate taxing jurisdictions may also adopt some form of these guidelines. In such case, we may need to change our approach to intercompany transfer pricing in order to maintain compliance under the new rules. Our effective tax rate may increase or decrease depending on the current location of global operations at the time of the change. Finally, we might not always be in compliance with all applicable customs, exchange control, Value Added Tax and transfer pricing laws despite our efforts to be aware of and to comply with such laws. If these laws change we may need to adjust our operating procedures and our business could be adversely affected.

***If we are unable to successfully increase our market share, our ability to grow our business and execute our growth strategies could be materially adversely affected.***

A key element of our growth strategy is increasing our market share both within the clinical development market and in the geographic markets in which we operate. As we grow our market share, we might not have or adequately build the competencies necessary to perform our services satisfactorily or may face increased competition. If we are unable to succeed in increasing our market share, we will be unable to implement this element of our growth strategy, and our ability to grow our business could be adversely affected.

***Upgrading the information systems that support our operating processes and evolving the technology platform for our services pose risks to our business.***

Continued efficient operation of our business requires that we implement standardized global business processes and evolve our information systems to enable this implementation. We have continued to undertake significant programs to optimize business processes with respect to our services. Our inability to effectively manage the implementation of new information systems or upgrades and adapt to new processes designed into these new or upgraded systems in a timely and cost-effective manner may result in disruption to our business and negatively affect our operations.

We have entered into agreements with certain vendors to provide systems development, integration and hosting services that develop or license to us the information technology, or IT, platforms and capacity for programs to optimize our business processes. If such vendors or their products fail to perform as required or if there are substantial delays in developing, implementing and updating our IT platforms, our customer delivery may be impaired, and we may have to make substantial further investments, internally or with third parties, to achieve our objectives. For example, we rely on an external vendor to provide the clinical trial management software used in managing the completion of our customer clinical trials. If that externally provided system is not properly maintained we might not be able to meet the obligations of our contracts or may need to incur significant costs to replace the system or capability. Additionally, our progress may be limited by parties with existing or claimed patents who seek to enjoin us from using preferred technology or seek license payments from us.

Meeting our objectives is dependent on a number of factors which might not take place as we anticipate, including obtaining adequate technology-enabled services, depending upon our third-party vendors to develop and enhance existing applications to adequately support our business, creating IT-enabled services that our customers will find desirable and implementing our business model with respect to these services. Also, increased IT-related expenditures and our potential inability to anticipate increases in service costs may negatively impact our business, financial condition, results of operations or cash flows.

Table of Contents

***We are in the process of implementing a new version of our Enterprise Resource Planning system and, if this new system proves ineffective, we may be unable to timely or accurately prepare financial reports or make payments to our principal investigators, vendors and employees, or invoice and collect from our customers.***

We are in the process of implementing a new version of our Enterprise Resource Planning, or ERP, system. Any delay in the implementation of, or disruption in the upgrade of this system could adversely affect our ability to timely and accurately report financial information, including the filing of our quarterly or annual reports with the SEC. Such delay or disruption could also impact our ability to timely or accurately make payments to our principal investigators, vendors and employees, and could also inhibit our ability to invoice and collect from our customers. When we upgrade our ERP system, data integrity problems or other issues may be discovered that if not corrected could impact our business or financial results. In addition, we may experience periodic or prolonged disruption of our financial functions arising out of this conversion, general use of such systems, other periodic upgrades or updates, or other external factors that are outside of our control. If we encounter unforeseen problems with our financial system or related systems and infrastructure, our business, operations, and financial systems could be adversely affected. We may need to implement additional systems or transition to other new systems that require new expenditures in order to function effectively as a public company. There can be no assurance that our implementation of additional systems or transition to new systems will be successful, or that such implementation or transition will not present unforeseen costs or demands on our management.

***If we fail to perform our services in accordance with contractual requirements, regulatory standards and ethical considerations, we could be subject to significant costs or liability and our reputation could be harmed.***

We contract with biopharmaceutical companies to perform a wide range of services to assist them in bringing new drugs to market. Our services include monitoring clinical trials, data and laboratory analysis, electronic data capture, or EDC, patient recruitment and other related services. Such services are complex and subject to contractual requirements, regulatory standards and ethical considerations. For example, we must adhere to applicable regulatory requirements such as the United States Food and Drug Administration, or the FDA, current Good Clinical Practice, or GCP, regulations, which govern, among other things, the design, conduct, performance, monitoring, auditing, recording, analysis, and reporting of clinical trials. If we fail to perform our services in accordance with these requirements, regulatory agencies may take action against us or our customers. Such actions may include sanctions such as injunctions or failure of such regulatory authorities to grant marketing approval of products, imposition of clinical holds or delays, suspension or withdrawal of approvals, rejection of data collected in our studies, license revocation, product seizures or recalls, operational restrictions, civil or criminal penalties or prosecutions, damages or fines. Additionally, there is a risk that actions by regulatory authorities, if they result in significant inspectional observations or other measures, could harm our reputation and cause customers not to award us future contracts or to cancel existing contracts. Any such action could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation.

Such consequences could arise if, among other things, the following occur:

*Improper performance of our services.* The performance of clinical development services is complex and time-consuming. For example, we may make mistakes in conducting a clinical trial that could negatively impact or obviate the usefulness of the trial or cause the results of the trial to be reported improperly. If the trial results are compromised, we could be subject to significant costs

Table of Contents

or liability, which could have an adverse impact on our ability to perform our services and our reputation could be harmed. As examples:

non-compliance generally could result in the termination of ongoing clinical trials or the disqualification of data for submission to regulatory authorities;

compromise of data from a particular trial, such as failure to verify that adequate informed consent was obtained from subjects or improper monitoring of data, could require us to repeat the trial under the terms of our contract at no further cost to our customer, but at a substantial cost to us; and

breach of a contractual term could result in liability for damages or termination of the contract.

Large clinical trials can cost hundreds of millions of dollars and improper performance of our services could have a material adverse effect on our financial condition, damage our reputation and result in the termination of current contracts by or failure to obtain future contracts from the affected customer or other customers.

*Interactive Voice/Web Response Technology malfunction.* We develop, maintain and use third-party computer run interactive voice/web response systems to automatically manage the randomization of patients in a given clinical trial to different treatment arms and regulate the supply of investigational drugs, all by means of interactive voice/web response systems. An error in the design, programming or validation of these systems could lead to inappropriate assignment or dosing of patients which could give rise to patient safety issues, invalidation of the trial or liability claims against us. Furthermore, negative publicity associated with such a malfunction could have an adverse effect on our business and reputation. Additionally, errors in randomization may require us to repeat the trial at no further cost to our customer, but at a substantial cost to us.

*Investigation of customers.* From time to time, one or more of our customers are audited or investigated by regulatory authorities or enforcement agencies with respect to regulatory compliance of their clinical trials, programs or the marketing and sale of their drugs. In these situations, we have often provided services to our customers with respect to the clinical trials, programs or activities being audited or investigated, and we are called upon to respond to requests for information by the authorities and agencies. There is a risk that either our customers or regulatory authorities could claim that we performed our services improperly or that we are responsible for clinical trial or program compliance. If our customers or regulatory authorities make such claims against us and prove them, we could be subject to damages, fines or penalties. In addition, negative publicity regarding regulatory compliance of our customers' clinical trials, programs or drugs could have an adverse effect on our business and reputation.

*Insufficient customer funding to complete a clinical trial.* As noted above, clinical trials can cost hundreds of millions of dollars. There is a risk that we may initiate a clinical trial for a customer, and then the customer becomes unwilling or unable to fund the completion of the trial. In such a situation, notwithstanding the customer's ability or willingness to pay for or otherwise facilitate the completion of the trial, we may be ethically bound to complete or wind down the trial at our own expense.

In addition to the above U.S. laws and regulations, we must comply with the laws of all countries where we do business, including laws governing clinical trials in the jurisdiction where the trials are performed. Failure to comply with applicable requirements could subject us to regulatory risk, liability and potential costs associated with redoing the trials, which could damage our reputation and adversely affect our operating results.

Table of Contents

***Any future litigation against us could be costly and time-consuming to defend.***

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. While we do not believe that the resolution of any currently pending lawsuits against us will, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations or cash flows, litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources, which might seriously harm our business, financial condition, results of operations and cash flows. Insurance might not cover such claims, might not provide sufficient payments to cover all of the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. In particular, any claim could result in potential liability for us if the claim is outside the scope of the indemnification agreement we have with our customers, our customers do not abide by the indemnification agreement as required or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations, cash flows or reputation.

***Our business exposes us to potential liability for personal injury or claims that could materially adversely affect our business, financial condition, results of operations, cash flows or reputation.***

Our business involves clinical trial management, which is one of our clinical development service offerings and includes the testing of new drugs on human volunteers. This business exposes us to the risk of liability for personal injury or death to patients resulting from, among other things, possible unforeseen adverse side effects or improper administration of a drug or device. Many of these volunteers and patients are already seriously ill and are at risk of further illness or death. Although we attempt to negotiate indemnification arrangements with our customers or vendors, we might not be able to collect under these arrangements and our exposure could exceed any contractual limits on indemnification. Any claim or liability could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation.

***If our insurance does not cover all of our indemnification obligations and other liabilities associated with our operations, our business, financial condition, results of operations or cash flows may be materially adversely affected.***

We maintain insurance designed to provide coverage for ordinary risks associated with our operations and our ordinary indemnification obligations which we believe to be customary for our industry. The coverage provided by such insurance might not be adequate for all claims we may make or may be contested by our insurance carriers. If our insurance is not adequate or available to pay all claims or exposures associated with our operations, or if we are unable to purchase adequate insurance at reasonable rates in the future, our business, financial condition, results of operations or cash flows may be materially adversely affected.

***If we are unable to attract suitable principal investigators and recruit and enroll patients for clinical trials, our clinical development business might suffer.***

The recruitment of principal investigators and patients for clinical trials is essential to our business. Principal investigators are typically located at hospitals, clinics or other sites and supervise the administration of the investigational drug to patients during the course of a clinical trial. Patients generally include people from the communities in which the clinical trials are conducted. Our clinical development business could be adversely affected if we are unable to attract suitable and willing principal investigators or recruit and enroll patients for clinical trials on a consistent basis. The expanding global nature of clinical trials increases the risk associated with

Table of Contents

attracting suitable principal investigators and patients, especially if these trials are conducted in regions where our resources or experience may be more limited. For example, if we are unable to engage principal investigators to conduct clinical trials as planned or enroll sufficient patients in clinical trials, we might need to expend additional funds to obtain access to more principal investigators and patients than planned or else be compelled to delay or modify the clinical trial plans, which may result in additional costs to us or cancellation of the trial by our customer. If realized, these risks may also inhibit our ability to attract new business, particularly in certain regions.

***Many of the costs for our Phase I Services segment are fixed in nature, which could adversely affect our business, financial condition, results of operations and cash flows.***

Since a large amount of the operating costs for our Phase I Services segment are relatively fixed while revenue is subject to fluctuation, moderate variations in the commencement, progress or completion of the Phase I studies in our Phase I Services segment may cause variations in our financial condition, results of operations and cash flows. Expenses must be recognized when incurred and the delay of a contract could adversely affect our service revenues and profitability. Net service revenue from our Phase I Services segment for the year ended December 31, 2013 represented approximately 3.6% of our total net service revenue for that period.

***If we lose the services of key personnel or are unable to recruit experienced personnel, our business, financial condition, results of operations, cash flows or reputation could be materially adversely affected.***

Our success substantially depends on the collective performance, contributions and expertise of our senior management team and other key personnel including qualified management, professional, scientific and technical operating staff and business development personnel. There is significant competition for qualified personnel, particularly those with higher educational degrees, in the biopharmaceutical and related services industries. In addition, the close proximity of some of our facilities to offices of our major competitors could adversely impact our ability to successfully recruit and retain key personnel. The departure of any key executive, or our inability to continue to identify, attract and retain qualified personnel or replace any departed personnel in a timely fashion, might impact our ability to grow our business and compete effectively in our industry and might negatively affect our business, financial condition, results of operations, cash flows or reputation.

***Exchange rate fluctuations may have a material adverse effect on our business, financial condition, results of operations or cash flows.***

Approximately 27% of our fiscal year 2013 net service revenues were contracted in currencies other than U.S. dollars and 41% of our direct and operating costs are incurred in countries with functional currencies other than U.S. dollars. Our financial statements are reported in U.S. dollars and changes in foreign currency exchange rates could significantly affect our financial condition, results of operations and cash flows. Exchange rate fluctuations between local currencies and the U.S. dollar create risk in several ways, including:

***Foreign Currency Risk from Differences in Customer Contract Currency and Operating Costs Currency.*** The majority of our global contracts are denominated in U.S. dollars or Euros while the currency used to fund our operating costs in foreign countries is denominated in various different currencies. Fluctuations in the exchange rates of the currencies we use to contract with our customers and the currencies in which we incur cost to complete those contracts can have a significant impact on our results of operations.

***Foreign Currency Translation Risk.*** The revenue and expenses of our international operations are generally denominated in local currencies and translated into U.S. dollars for financial reporting



Table of Contents

purposes. Accordingly, exchange rate fluctuations will affect the translation of international results into U.S. dollars for purposes of reporting our consolidated results.

*Foreign Currency Transaction Risk.* We are subject to foreign currency transaction risk for fluctuations in exchange rates during the period of time between the consummation and cash settlement of a transaction. We earn revenue from our service contracts denominated in currencies other than U.S. dollars over a period of several months and, in many cases, over several years. Accordingly, exchange rate fluctuations during this period may affect our profitability with respect to such contracts.

We may limit these risks through exchange rate fluctuation provisions stated in our service contracts, or we may hedge our transaction risk with foreign currency exchange contracts or options. We have not, however, mitigated all of our foreign currency transaction risk, and we may experience fluctuations in financial results from our operations outside the United States and foreign currency transaction risk associated with our service contracts.

***Unfavorable economic conditions could have a material adverse effect on our business, financial condition, results of operations or cash flows.***

Unfavorable economic conditions, including disruptions in the credit and capital markets, could have a negative effect on our business, financial condition, results of operations and cash flows. For example, our customers might not be able to raise money to conduct existing clinical trials, or to fund new drug development and related future clinical trials. In addition, economic or market disruptions could negatively impact our vendors, contractors, or principal investigators which might have a negative effect on our business.

***Our effective income tax rate may fluctuate, which may adversely affect our results of operations.***

Our effective income tax rate is influenced by our projected profitability in the various taxing jurisdictions in which we operate. Changes in the distribution of profits and losses among taxing jurisdictions may have a significant impact on our effective income tax rate, which in turn could have an adverse effect on our results of operations. Further, we have a full valuation allowance on our net operating loss carryforwards and other net deferred tax assets in the United States and United Kingdom, our principal contracting locations. Accordingly, under GAAP, we do not recognize a tax benefit or expense in current operations for income generated in these jurisdictions. Factors that may affect our effective income tax rate include, but are not limited to:

the requirement to exclude from our quarterly worldwide effective income tax calculations the benefit for losses in jurisdictions where no income tax benefit can be recognized;

actual and projected full year pre-tax income;

the repatriation of foreign earnings to the United States;

uncertain tax positions;

changes in tax laws in various taxing jurisdictions;

audits by taxing authorities;

the establishment of valuation allowances against deferred income tax assets if we determine that it is more likely than not that future income tax benefits will not be realized;

the release of a previously established valuation allowances against deferred income tax assets if we determine that it is more likely than not that future income tax benefits will be realized; and



Table of Contents

changes in the relative mix and size of clinical studies in various tax jurisdictions.

These changes may cause fluctuations in our effective income tax rate that could adversely affect our results of operations and cause fluctuations in our earnings and earnings per share.

***We may be limited in our ability to utilize, or may not be able to utilize, net operating loss, or NOL, carryforwards to reduce our future tax liability.***

As of December 31, 2013, we had U.S. federal NOL carryforwards of \$191 million and state NOL carryforwards of \$239 million, which may be limited annually due to certain change in ownership provisions of Section 382 of the Internal Revenue Code of 1986, as amended, or the Code. Our federal NOL carryforwards will begin to expire in 2018 and will completely expire in 2033. Our state NOL carryforwards may be used over various periods ranging from one to 20 years. See Note 10 to our consolidated financial statements included elsewhere in this prospectus for a further discussion of our tax loss carryovers and current limitations on our ability to utilize NOLs.

Future ownership changes within the meaning of Section 382(g) of the Code may subject our tax loss carryforwards to annual limitations which would restrict our ability to use them to offset our taxable income in periods following the ownership changes. In general, the annual use limitation equals the aggregate value of our equity at the time of the ownership change multiplied by a specified tax-exempt interest rate.

We have had significant financial losses in previous years and, as a result, we currently maintain a full valuation allowance for our deferred tax assets including our federal and state NOL carryforwards.

***We have only a limited ability to protect our intellectual property rights, and these rights are important to our success.***

We develop, use and protect our proprietary methodologies, analytics, systems, technologies and other intellectual property. Existing laws of the various countries in which we provide services or solutions offer only limited protection of our intellectual property rights, and the protection in some countries may be very limited. We rely upon a combination of trade secrets, confidentiality policies, nondisclosure agreements, and other contractual arrangements, and copyright and trademark laws, to protect our intellectual property rights. These laws are subject to change at any time and certain agreements might not be fully enforceable, which could further restrict our ability to protect our innovations. Our intellectual property rights might not prevent competitors from independently developing services similar to or duplicative of ours or alleging infringement by us of their intellectual property rights in certain jurisdictions. The steps we take in this regard might not be adequate to prevent or deter infringement or misappropriation of our intellectual property or claims against us for alleged infringement or misappropriation by competitors, former employees or other third parties. Furthermore, we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights. Enforcing our rights might also require considerable time, money and oversight, and we might not be successful in enforcing our rights.

***If we are unable to successfully integrate potential future acquisitions, our business, financial condition, results of operations and cash flows could be materially adversely affected.***

We have completed a number of acquisitions in the past and anticipate that a portion of our future growth may come from strategic tuck-in acquisitions. The success of any acquisition will depend upon, among other things, our ability to effectively integrate acquired personnel, operations, products and technologies into our business and to retain the key personnel and customers of our acquired businesses. In addition, we may be unable to identify suitable acquisition

Table of Contents

opportunities or obtain any necessary financing on commercially acceptable terms. We may also spend time and money investigating and negotiating with potential acquisition targets but not complete the transaction. Any acquisition could involve other risks, including, among others, the assumption of additional liabilities and expenses, difficulties and expenses in connection with integrating the acquired companies and achieving the expected benefits, issuances of potentially dilutive securities or interest-bearing debt, loss of key employees of the acquired companies, transaction expenses, diversion of management's attention from other business concerns and, with respect to the acquisition of international companies, the inability to overcome differences in international business practices, language and customs. Our failure to successfully integrate potential future acquisitions could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Potential future investments in our customers' businesses or drugs could have a negative impact on our financial results.***

Although we historically have not engaged in business transactions with our customers other than to provide our services, we may in the future enter into arrangements with our customers or other drug companies in which we take on some of the risk of the potential success or failure of their businesses or drugs, including making strategic investments in our customers or other drug companies, providing financing to customers or other drug companies or acquiring an interest in the revenues from customers' drugs or in entities developing a limited number of drugs. Our financial results would be adversely affected if any such investments or the underlying drugs result in losses or do not achieve the level of success that we anticipate and/or our return or payment from any such drug investment or financing is less than our direct and indirect costs with respect to these arrangements.

***Our relationships with existing or potential customers who are in competition with each other may adversely impact the degree to which other customers or potential customers use our services, which may adversely affect our business, financial condition, results of operations or cash flows.***

The biopharmaceutical industry is highly competitive, with biopharmaceutical companies each seeking to persuade payers, providers and patients that their drug therapies are better and more cost-effective than competing therapies marketed or being developed by competing firms. In addition to the adverse competitive interests that biopharmaceutical companies have with each other, biopharmaceutical companies also have adverse interests with respect to drug selection and reimbursement with other participants in the healthcare industry, including payers and providers. Biopharmaceutical companies also compete to be first to market with new drug therapies. We regularly provide services to biopharmaceutical companies who compete with each other, and we sometimes provide services to such customers regarding competing drugs in development. Our existing or future relationships with our biopharmaceutical customers may therefore deter other biopharmaceutical customers from using our services or may result in our customers seeking to place limits on our ability to serve other biopharmaceutical industry participants. In addition, our further expansion into the broader healthcare market may adversely impact our relationships with biopharmaceutical customers, and such customers may elect not to use our services, reduce the scope of services that we provide to them or seek to place restrictions on our ability to serve customers in the broader healthcare market with interests that are adverse to theirs. Any loss of customers or reductions in the level of revenues from a customer could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Table of Contents

***Our results of operations may be adversely affected if we fail to realize the full value of our goodwill and intangible assets.***

As of September 30, 2014, we had goodwill and net intangible assets of \$756.4 million, which constituted approximately 57% of our total assets at the end of this period. We periodically (at least annually unless triggering events occur that cause an interim evaluation) evaluate goodwill and other acquired intangible assets for impairment. Any future determination requiring the write off of a portion of our goodwill or other acquired intangible assets could adversely affect our business, financial condition, and results of operations. If we are not able to realize the value of the goodwill and indefinite-lived intangible assets, we may be required to incur material charges relating to the impairment of those assets. During the year ended December 31, 2012, we recorded a goodwill impairment charge of \$4.0 million associated with our Phase I Services reporting unit. Additionally, during the second quarter of 2014, we recorded an impairment of our intangible assets of \$8.0 million and our goodwill of \$9.2 million associated with our Phase I Services and Global Consulting reporting units. Such impairment charges in the future could materially and adversely affect our business, financial condition, results of operations and cash flows.

***We face risks arising from the restructuring of our operations which could adversely affect our business, financial condition, results of operations, cash flows or reputation.***

From time to time, we have adopted cost savings initiatives to improve our operating efficiency through various means such as reduction of overcapacity, primarily in our costs of services (billable) function, or other realignment of resources. For example, in March 2013, we adopted a plan to better align headcount and costs with current geographic sources and mix of revenue. The plan was completed by December 31, 2013 and involved the elimination of approximately 325 employee and contract positions. Similarly, in March 2012, in addition to synergies directly related to our acquisition of Kendle, we initiated a restructuring plan to align headcount with our existing book of business that led to a reduction in global headcount of approximately 250 employees. In order to realize the synergies related to our acquisition of Kendle and the cost savings from these additional staff realignment initiatives, we incurred significant one-time costs, which consist primarily of severance, retention bonuses, professional fees, IT transition costs, facility closure costs, legal expenses and various other costs. During the years ended December 31, 2013 and December 31, 2012, we incurred total pre-tax charges of \$11.8 million and \$35.4 million, respectively, associated with our restructuring initiatives. Restructuring presents significant potential risks of events occurring that could adversely affect us, including a decrease in employee morale, a greater number of employment claims, the failure to achieve targeted cost savings and the failure to meet operational targets and customer requirements due to the loss of employees and any work stoppages that might occur, which, individually or in aggregate, could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation.

***We operate in many different jurisdictions and we could be adversely affected by violations of the FCPA, UK Bribery Act of 2010 and/or similar worldwide anti-corruption laws.***

The FCPA, UK Bribery Act of 2010 and similar worldwide anti-corruption laws prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti-corruption laws. We operate in many parts of the world that have experienced corruption to some degree and, in certain circumstances, anti-corruption laws have appeared to conflict with local customs and practices. Despite our training and compliance programs, we cannot assure that our internal control policies and procedures will protect us from acts in violation of anti-corruption laws committed by persons associated with us, and our continued expansion outside the United States, including in developing countries, could increase such risk in the future. Violations of the FCPA or other non-U.S. anti-corruption laws, or even allegations of such violations, could disrupt our business and result in

Table of Contents

a material adverse effect on our financial condition, results of operations, cash flows and reputation. For example, violations of anti-corruption laws can result in restatements of, or irregularities in, our financial statements as well as severe criminal or civil sanctions. In some cases, companies that violate the FCPA might be debarred by the U.S. government and/or lose their U.S. export privileges. In addition, U.S. or other governments might seek to hold us liable for successor liability FCPA violations or violations of other anti-corruption laws committed by companies that we acquire or in which we invest. Changes in anti-corruption laws or enforcement priorities could also result in increased compliance requirements and related costs which could adversely affect our business, financial condition, results of operations and cash flows.

***The failure of third parties to provide us critical support services could adversely affect our business, financial condition, results of operations, cash flows or reputation.***

We depend on third parties for support services vital to our business. Such support services include, but are not limited to, laboratory services, third-party transportation and travel providers, freight forwarders and customs brokers, drug depots and distribution centers, suppliers or contract manufacturers of drugs for patients participating in clinical trials, and providers of licensing agreements, maintenance contracts or other services. In addition, we also rely on third-party CROs and other contract clinical personnel for clinical services either in regions where we have limited resources, or in cases where demand cannot be met by our internal staff. The failure of any of these third parties to adequately provide us critical support services could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation.

***The operation of our Phase I clinical facility and the services we provide there including direct interaction with clinical trial patients or volunteers could create potential liability that may adversely affect our business, financial condition, results of operations, cash flows and reputation.***

We operate one facility where Phase I clinical trials are conducted. Phase I clinical trials ordinarily involve testing an investigational drug on a limited number of healthy individuals, typically 20 to 120 persons, to evaluate its safety, determine a safe dosage range and identify side effects. Some of these trials involve the administration of investigational drugs to known substance abusers. Failure to operate such a facility in accordance with applicable regulations could result in that facility being shut down, which could disrupt our operations and adversely affect our business, financial condition, results of operations, cash flows and reputation. Additionally, we face risks resulting from the administration of drugs to volunteers, including adverse events, and the professional malpractice of medical care providers. We also directly employ nurses and other trained employees who assist in implementing the testing involved in our clinical trials, such as drawing blood from healthy volunteers. Any professional malpractice or negligence by such principal investigators, nurses or other employees could potentially result in liability to us in the event of personal injury to or death of a volunteer in clinical trials. This liability, particularly if it were to exceed the limits of any indemnification agreements and insurance coverage we may have, may adversely affect our business and financial condition, results of operations, cash flows and reputation.

**Risks Related to Our Industry**

***We face intense competition in many areas of our business and, if we do not compete effectively, our business may be harmed.***

The CRO industry is highly competitive. We often compete for business with other CROs and internal development departments, some of which could be considered large CROs in their own right. We also compete with universities and teaching hospitals. Some of these competitors have greater financial resources and a wider range of service offerings over a greater geographic area

Table of Contents

than we do. If we do not compete successfully, our business will suffer. The industry is highly fragmented, with numerous smaller specialized companies and a handful of full-service companies with global capabilities similar to ours. Increased competition has led to price and other forms of competition, such as acceptance of less favorable contract terms, which could adversely affect our operating results. In recent years our industry has experienced consolidation and a number of "going private" transactions. This trend is likely to produce more competition from the resulting larger companies, and ones without the cost pressures of being public, for both customers and acquisition candidates. In addition, there are few barriers to entry for smaller specialized companies considering entering the industry. Because of their size and focus, small CROs might compete effectively against larger companies such as us, especially in lower cost geographic areas, which could have a material adverse effect on our business.

***Outsourcing trends in the biopharmaceutical industry and changes in aggregate spending and research and development budgets could adversely affect our operating results and growth rate.***

Our revenues depend on the level of R&D expenditures, size of the drug-development pipelines and outsourcing trends of the biopharmaceutical industry, including the amount of such R&D spend that is outsourced and subject to competitive bidding among CROs. Accordingly, economic factors and industry trends that affect biopharmaceutical companies affect our business. Biopharmaceutical companies continue to seek long-term strategic collaborations with global CROs with favorable pricing terms. Competition for these collaborations is intense and we might not be selected, in which case a competitor may enter into the collaboration and our business with the customer, if any, may be limited. Our success depends in part on our ability to establish and maintain preferred provider relationships with large biopharmaceutical companies. Our failure to develop or maintain these preferred provider relationships could have a material adverse effect on our business and results of operations. Furthermore, in order to obtain preferred provider relationships, we may have to reduce the prices for our services, which could negatively impact our gross margin for these services.

In addition, if the biopharmaceutical industry reduces its outsourcing of clinical trials or such outsourcing fails to grow at projected rates, our business, financial condition, results of operations and cash flows could be materially and adversely affected. We may also be negatively impacted by consolidation and other factors in the biopharmaceutical industry, which may slow decision making by our customers, result in the delay or cancellation of existing projects, cause reductions in overall R&D expenditures, or lead to increased pricing pressures. Further, in the event that one of our customers combines with a company that is using the services of one of our competitors, the combined company could decide to use the services of that competitor or another provider. All of these events could adversely affect our business, financial condition, cash flows or results of operations.

***If we fail to comply with federal, state, and foreign healthcare laws, including fraud and abuse laws, we could face substantial penalties and our business, financial condition, results of operations, cash flows and prospects could be adversely affected.***

Even though we do not and will not order healthcare services or bill directly to Medicare, Medicaid or other third-party payers, certain federal and state healthcare laws and regulations pertaining to fraud and abuse are and will be applicable to our business. We could be subject to healthcare fraud and abuse laws of both the federal government and the states in which we conduct our business. Because of the breadth of these laws and the narrowness of available statutory and regulatory exceptions, it is possible that some of our business activities could be subject to challenge under one or more of such laws. If we or our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us,

Table of Contents

we may be subject to penalties, including civil and criminal penalties, damages, fines, imprisonment, and the curtailment or restructuring of our operations, any of which could materially adversely affect our ability to operate our business and our financial results.

***We may be affected by healthcare reform and potential additional reforms which may adversely impact the biopharmaceutical industry and reduce the need for our services or negatively impact our profitability.***

Numerous government bodies are considering or have adopted healthcare reforms and may undertake, or are in the process of undertaking, efforts to control healthcare costs through legislation, regulation and agreements with healthcare providers and biopharmaceutical companies, including many of our customers. By way of example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or, collectively, the Affordable Care Act, was signed into law. Among other things, this law imposes cost-containment measures intended to reduce or constrain the growth of healthcare spending, enhances remedies against healthcare fraud and abuse, adds new requirements for biopharmaceutical companies to disclose payments to physicians, including principal investigators, imposes new taxes and fees on biopharmaceutical manufacturers and imposes additional health policy reforms. We are uncertain as to the full effect of these reforms on our business at this time and are unable to predict what legislative proposals, if any, will be adopted in the future. If regulatory cost-containment efforts limit the profitability of new drugs by, for example, continuing to place downward pressure on pharmaceutical pricing and/or increasing regulatory burdens and operating costs of the biopharmaceutical industry, our customers may reduce their R&D spending, which could reduce the business they outsource to us. Similarly, if regulatory requirements are relaxed or simplified drug approval procedures are adopted, the demand for our services could decrease.

In addition, government bodies have adopted and may continue to adopt new healthcare legislation or regulations that are more burdensome than existing regulations. For example, product safety concerns and recommendations by the Drug Safety Oversight Board could change the regulatory environment for drug products, and new or heightened regulatory requirements may increase our expenses or limit our ability to offer some of our services. We might have to incur additional costs to comply with these or other new regulations, and failure to comply could harm our financial condition, results or operations, cash flows, and reputation. Additionally, new or heightened regulatory requirements may have a negative impact on the ability of our customers to conduct industry-sponsored clinical trials, which could reduce the need for our post-approval development services.

***Current and proposed laws and regulations regarding the protection of personal data could result in increased risks of liability or increased cost to us or could limit our service offerings.***

The confidentiality, collection, use and disclosure of personal data, including clinical trial patient-specific information, are subject to governmental regulation generally in the country in which the personal data was collected or used. For example, U.S. federal regulations under the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health, or HITECH, Act, or collectively, HIPAA, generally require individuals' written authorization, in addition to any required informed consent, before protected health information, or PHI, may be used for research and such regulations specify standards for de-identifications and for limited data sets. We may also be subject to applicable state privacy and security laws and regulations in states in which we operate. We are indirectly affected by the privacy provisions surrounding individual authorizations because many principal investigators with whom we are involved in clinical trials are directly subject to them as a HIPAA "covered entity." In addition, we obtain identifiable health information from third parties that are subject to such



Table of Contents

regulations. While we do not believe we are a "business associate" under HIPAA, regulatory agencies may disagree. Because of amendments to the HIPAA data security and privacy rules that were promulgated on January 25, 2013, some of which went into effect on March 26, 2013, there are some instances where HIPAA "business associates" of a "covered entity" may be directly liable for breaches of PHI and other HIPAA violations. These amendments may subject "business associates" to HIPAA's enforcement scheme, which, as amended, can yield up to \$1.5 million in annual civil penalties for each HIPAA violation.

In the European Union, or EU, personal data includes any information that relates to an identified or identifiable natural person with health information carrying additional obligations, including obtaining the explicit consent from the individual for collection, use or disclosure of the information. In addition, we are subject to EU rules with respect to cross-border transfers of such data out of the EU. The United States, the EU and its member states, and other countries where we have operations, such as Japan, South Korea, Malaysia, the Philippines, Russia and Singapore, continue to issue new privacy and data protection rules and regulations that relate to personal data and health information. Failure to comply with certain certification/registration and annual re-certification/registration provisions associated with these data protection and privacy regulations and rules in various jurisdictions, or to resolve any serious privacy or security complaints, could subject us to regulatory sanctions, delays in clinical trials, criminal prosecution or civil liability. Federal, state and foreign governments may propose or have adopted additional legislation governing the collection, possession, use or dissemination of personal data, such as personal health information, and personal financial data as well as security breach notification rules for loss or theft of such data. Additional legislation or regulation of this type might, among other things, require us to implement new security measures and processes or bring within the legislation or regulation de-identified health or other personal data, each of which may require substantial expenditures or limit our ability to offer some of our services. Additionally, if we violate applicable laws, regulations or duties relating to the use, privacy or security of personal data, we could be subject to civil liability or criminal prosecution, be forced to alter our business practices and suffer reputational harm. In the next few years, the European data protection framework may be revised as a generally applicable data regulation. The text has not yet been finalized, but it contains new provisions specifically directed at the processing of health information, sanctions of up to 2% of worldwide gross revenue and extra-territoriality measures intended to bring non-EU companies under the proposed regulation.

***Actions by regulatory authorities or customers to limit the scope of or withdraw an approved drug from the market could result in a loss of revenue.***

Government regulators have the authority, after approving a drug or device, to limit its indication for use by requiring additional labeled warnings or to withdraw the drug or device's approval for its approved indication based on safety concerns. Similarly, customers may act to voluntarily limit the availability of approved drugs or devices or withdraw them from the market after we begin our work. If we are providing services to customers for drugs or devices that are limited or withdrawn, we may be required to narrow the scope of or terminate our services with respect to such drugs or devices, which would prevent us from earning the full amount of service revenue anticipated under the related service contracts.

***If we do not keep pace with rapid technological change, our services may become less competitive or obsolete.***

The biopharmaceutical industry generally, and drug development and clinical research more specifically, are subject to rapid technological change. Our current competitors or other businesses might develop technologies or services that are more effective or commercially attractive than, or render obsolete, our current or future technologies and services. If our competitors introduce

Table of Contents

superior technologies or services and if we cannot make enhancements to remain competitive, our competitive position would be harmed. If we are unable to compete successfully, we may lose customers or be unable to attract new customers, which could lead to a decrease in our revenue and have an adverse impact on our financial condition.

In addition, the operation of our business relies on IT infrastructure and systems delivered across multiple platforms. The failure of our systems to perform could severely disrupt our business and adversely affect our results of operations. Our systems are also vulnerable to demise from natural or manmade disasters, terrorist attacks, computer viruses or hackers, power loss or other technology system failures. These events could adversely affect our business or results of operations.

**Risks Related to Our Indebtedness**

*Our substantial debt could adversely affect our financial condition.*

On a pro forma basis, after giving effect to this offering, the concurrent refinancing of our senior secured credit facilities and the use of proceeds therefrom, as of September 30, 2014, our total principal amount of indebtedness would have been approximately \$425.0 million. In addition, we would have had up to \$99.1 million of additional borrowing capacity available under our senior secured facilities. Our substantial indebtedness could adversely affect our financial condition and thus make it more difficult for us to satisfy our obligations with respect to our senior secured facilities. If our cash flow is not sufficient to service our debt and adequately fund our business, we may be required to seek further additional financing or refinancing or dispose of assets. We might not be able to influence any of these alternatives on satisfactory terms or at all. Our substantial indebtedness could also:

increase our vulnerability to adverse general economic, industry or competitive developments;

require us to dedicate a more substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, investments, acquisitions, capital expenditures, and other general corporate purposes;

limit our ability to make required payments under our existing contractual commitments, including our existing long-term indebtedness;

limit our ability to fund a change of control offer;

require us to sell certain assets;

restricting us from making strategic investments, including acquisitions or causing us to make non-strategic divestitures;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

place us at a competitive disadvantage compared to our competitors that have less debt;

cause us to incur substantial fees from time to time in connection with debt amendments or refinancings;

increase our exposure to rising interest rates because a portion of our borrowings is at variable interest rates; and

limit our ability to borrow additional funds or to borrow on terms that are satisfactory to us.



Table of Contents

***Despite our level of indebtedness, we are able to incur more debt and undertake additional obligations. Incurring such debt or undertaking such additional obligations could further exacerbate the risks to our financial condition.***

We may be able to incur substantial additional indebtedness in the future. Although covenants under the credit agreement governing our senior secured facilities limit, and it is expected that the Amended and Restated Credit Agreement will limit, our ability to incur certain additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. To the extent we incur additional indebtedness, the risks associated with our leverage described above, including our possible inability to service our debt obligations would increase.

***Servicing our debt will require a significant amount of cash, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.***

Our ability to make payments on and refinance our debt, make strategic acquisitions and to fund capital expenditures depends on our ability to generate cash flow in the future. To some extent, our ability to generate future cash flow is subject to general economic, financial, competitive and other factors that are beyond our control. We cannot assure you that:

our business will generate sufficient cash flow from operations;

we will continue to realize the cost savings, revenue growth and operating improvements that resulted from the execution of our long-term strategic plan; or

future sources of funding will be available to us in amounts sufficient to enable us to fund our liquidity needs.

We also may experience difficulties repatriating cash from foreign subsidiaries and accounts due to law, regulation or contracts which could further constrain our liquidity. If we cannot fund our liquidity needs, we will have to take actions such as reducing or delaying capital expenditures, marketing efforts, strategic acquisitions, investments and alliances, selling assets, restructuring or refinancing our debt or seeking additional equity capital. We cannot assure you that any of these remedies could, if necessary, be effected on commercially reasonable or favorable terms, or at all, or that they would permit us to meet our scheduled debt service obligations. Any inability to generate sufficient cash flow or refinance our debt on favorable terms could have a material adverse effect on our financial condition. In addition, if we incur additional debt, the risks associated with our substantial leverage, including the risk that we will be unable to service our debt or generate enough cash flow to fund our liquidity needs, could intensify.

***Covenant restrictions under our senior secured facilities may limit our ability to operate our business.***

The agreement governing our senior secured facilities contains, and it is expected that the Amended and Restated Credit Agreement will contain, covenants that may restrict our ability to, among other things, borrow money, pay dividends, make capital expenditures, make strategic acquisitions and effect a consolidation, merger or disposal of all or substantially all of our assets. Although the covenants in our senior secured facilities are subject to various exceptions, we cannot assure you that these covenants will not adversely affect our ability to finance future operations or capital needs or to engage in other activities that may be in our best interest. In addition, in certain circumstances, our long-term debt requires us to maintain a specified financial ratio and satisfy certain financial condition tests, which may require that we take action to reduce our debt or to act in a manner contrary to our business objectives. A breach of any of these covenants could result in a default under our senior secured facilities. If an event of default under our senior secured facilities occurs, the lenders thereunder could elect to declare all amounts outstanding thereunder, together

Table of Contents

with accrued interest, to be immediately due and payable. In such case, we might not have sufficient funds to repay all the outstanding amounts. In addition, our senior secured facilities are secured by first priority security interests on substantially all of our real and personal property, including the capital stock of certain of our subsidiaries. If an event of default under our senior secured facilities occurs, the lenders thereunder could exercise their rights under the related security documents. Any acceleration of amounts due under the senior secured facilities or the substantial exercise by the lenders of their rights under the security documents would likely have a material adverse effect on us.

*Interest rate fluctuations may have a material adverse effect on our business, financial condition, results of operations and cash flows.*

Because we have variable rate debt, fluctuations in interest rates may affect our business, financial condition, results of operations and cash flows. We may attempt to minimize interest rate risk and lower our overall borrowing costs through the utilization of derivative financial instruments, primarily interest rate swaps. As of September 30, 2014 we had approximately \$291.0 million of total indebtedness with variable interest rates that only vary to the extent the three month LIBOR is over one percent.

**Risks Related to Our Class A Common Stock and this Offering**

*We will incur increased costs and obligations as a result of being a public company.*

As a privately held company, we were not required to comply with certain corporate governance and financial reporting practices and policies required of a publicly traded company. As a publicly traded company, we will incur significant legal, accounting and other expenses that we were not required to incur as a privately held company, particularly after we are no longer an emerging growth company as defined under the JOBS Act. After this offering, we will be required to comply with the requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, the Dodd-Frank Act, the listing requirements of the NASDAQ Global Market, or the NASDAQ, and other applicable securities rules and regulations. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results with the SEC. We will also be required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. We expect to incur additional annual expenses of \$3.0 million to \$5.0 million related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. As a public company, we will, among other things:

prepare and distribute periodic public reports and other stockholder communications in compliance with our obligations under the federal securities laws and applicable NASDAQ rules;

create or expand the roles and duties of our board of directors, or our Board, and committees of the Board;

institute more comprehensive financial reporting and disclosure compliance functions;

enhance our investor relations function;

establish new internal policies, including those relating to disclosure controls and procedures; and

Table of Contents

involve and retain to a greater degree outside counsel and accountants in the activities listed above.

These changes will require a significant commitment of additional resources. We might not be successful in complying with these obligations and the significant commitment of resources required for complying with them could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***The requirements applicable to public companies may strain our resources and divert management's attention.***

Following the consummation of this offering, we will be subject to various regulatory and reporting requirements, including those of the SEC and the NASDAQ. These requirements include record keeping, financial reporting and corporate governance rules and regulations. Our internal infrastructure might not be adequate to support our increased reporting obligations, and we may be unable to hire, train or retain necessary staff and may be reliant on engaging outside consultants or professionals to overcome our lack of internal resources or other resources. If our internal infrastructure is inadequate, we are unable to engage outside consultants or are otherwise unable to fulfill our public company obligations, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The changes necessitated by becoming a public company require a significant commitment of resources and management oversight that has increased and may continue to increase our costs and might place a strain on our systems and resources. As a result, our management's attention might be diverted from other business concerns. If we fail to maintain an effective internal control environment or to comply with the numerous legal and regulatory requirements imposed on public companies, we could make material errors in, and be required to restate, our financial statements. Any such restatement could result in a loss of public confidence in the reliability of our financial statements and sanctions imposed on us by the SEC, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Our internal control over financial reporting does not currently meet the standards required by Section 404 of Sarbanes-Oxley, and failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of Sarbanes-Oxley could have a material adverse effect on our stock price, reputation, business, financial condition, results of operations and cash flows.***

As a privately held company, we have not been required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404 of Sarbanes-Oxley. Section 404 of Sarbanes-Oxley requires annual management assessments of the effectiveness of our internal control over financial reporting, starting with the second annual report that we file with the SEC as a public company, and generally requires in the same report a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, under the recently enacted JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of Sarbanes-Oxley until we are no longer an emerging growth company. Once we are no longer an emerging growth company, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting on an annual basis. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation of our existing controls and the incurrence of significant additional expenditures.

Table of Contents

We are in the process of designing, implementing, and testing the internal control over our financial reporting in order to comply with this obligation, which process is time consuming, costly, and complicated. In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that cause us to incur significant costs and cause distractions from our business objectives and we might not be able to remediate deficiencies in time to meet the deadlines imposed by Sarbanes-Oxley for compliance with the requirements of Section 404. In addition, we may encounter problems or delays in completing the implementation of any required public improvements and receiving a favorable attestation in connection with the attestation provided by our independent registered public accounting firm. Further, material weaknesses or significant deficiencies in our internal controls over financial reporting may exist or otherwise be discovered in the future. We will be unable to issue securities in the public markets through the use of a shelf registration statement if we are not in compliance with the applicable provisions of Section 404. Furthermore, failure to achieve and maintain an effective internal control environment could limit our ability to report our financial results accurately and timely, result in misstatements and restatements of our consolidated financial statements, cause investors to lose confidence and have a material adverse effect on our stock price, reputation, business, financial condition, results of operations and cash flows.

***We are a holding company and rely on dividends and other payments, advances and transfers of funds from our subsidiaries to meet our obligations and pay any dividends.***

We have no direct operations and no significant assets other than ownership of 100% of the capital stock of our subsidiaries. Because we conduct our operations through our subsidiaries, we depend on those entities for dividends and other payments to generate the funds necessary to meet our financial obligations, and to pay any dividends with respect to our Class A common stock. Legal and contractual restrictions in our senior secured facilities and other agreements which may govern future indebtedness of our subsidiaries, as well as the financial condition and operating requirements of our subsidiaries, may limit our ability to obtain cash from our subsidiaries. The earnings from, or other available assets of, our subsidiaries might not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our Class A common stock or other obligations. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and cash flows.

***We are an emerging growth company, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.***

As an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to obtain an assessment of the effectiveness of our internal controls over financial reporting from our independent registered public accounting firm pursuant to Section 404 of Sarbanes-Oxley, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. To the extent we choose to do so, our financial statements might not be comparable to companies that comply with such new or revised accounting standards. We cannot predict if investors will find our Class A common stock less attractive because we will rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and the market price of our Class A common stock may be more volatile.

Table of Contents

*We are a "controlled company" within the meaning of the NASDAQ rules and, as a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. Our stockholders will not have the same protections afforded to stockholders of companies that are subject to such requirements.*

Following this offering, the Sponsors will together continue to control a majority of the voting power of our outstanding Class A common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the NASDAQ. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

the requirement that a majority of our Board consist of independent directors;

the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, or otherwise have director nominees selected by vote of a majority of the independent directors;

the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our nominating and corporate governance committee and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Additionally, we only are required to have one independent audit committee member upon the listing of our Class A common stock on the NASDAQ, a majority of independent audit committee members within 90 days from the date of listing and all independent audit committee members within one year from the date of listing. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NASDAQ.

The Sponsors are not subject to any contractual obligation to retain their controlling interest, except that they have agreed, subject to certain exceptions, not to sell or otherwise dispose of any shares of our Class A common stock or other capital stock or other securities exercisable or convertible therefor for a period of at least 180 days after the date of this prospectus without the prior written consent of the representatives of the underwriters in this offering. Except for this brief period, there can be no assurance as to the period of time during which the Sponsors will maintain their ownership of our Class A common stock following the offering. As a result, there can be no assurance as to the period of time during which we will be able to avail ourselves of the controlled company exemptions.

***Our Sponsors will effectively control our company, and their interests may be different from or conflict with those of our other stockholders.***

After the consummation of this offering, the Sponsors will collectively beneficially own 83.0% of our outstanding Class A common stock, or 81.3% of our outstanding Class A common stock if the underwriters fully exercise their option to purchase additional shares. As a consequence, the Sponsors will be able to exert a significant degree of influence or actual control over our management and affairs and will control matters requiring stockholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of our assets, and any



Table of Contents

other significant transaction. Additionally, the Sponsors are and, following the completion of this offering, will continue to be parties to a stockholders agreement, or the Stockholders Agreement. The Stockholders Agreement, among other things, imposes certain transfer restrictions on the shares held by such stockholders and requires such stockholders to vote in favor of certain nominees to our Board. For a discussion of the Stockholders Agreement, see "Certain Relationships and Related Person Transactions." The interests of the Sponsors might not always coincide with our interests or the interests of our other stockholders. For instance, this concentration of ownership and/or the restrictions imposed by the Stockholders Agreement may have the effect of delaying or preventing a change in control of us otherwise favored by our other stockholders and could depress our stock price.

The Sponsors each make investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. The Sponsors may also pursue, for its own accounts, acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities might not be available to us. Our organizational documents contain provisions renouncing any interest or expectancy held by our directors affiliated with the Sponsors in certain corporate opportunities. Accordingly, the interests of the Sponsors may supersede ours, causing the Sponsors or their affiliates to compete against us or to pursue opportunities instead of us, for which we have no recourse. Such actions on the part of the Sponsors and inaction on our part could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Upon the consummation of this offering, the Sponsors will be entitled to nominate directors for four seats on our Board. Since the Sponsors could invest in entities that directly or indirectly compete with us, when conflicts arise between the interests of the Sponsors and the interests of our stockholders, these directors may not be disinterested.

***Provisions of our corporate governance documents and Delaware law could make an acquisition of our company more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.***

Provisions of our amended and restated certificate of incorporation and our amended and restated bylaws will contain provisions that delay, defer or discourage transactions involving an actual or potential change in control of us or change in our management that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Class A common stock, thereby depressing the market price of our Class A common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board. Because our Board is responsible for appointing the members of our management team, these provisions could in turn affect any attempt to replace current members of our management team. Among others, these provisions include, (1) our ability to issue preferred stock without stockholder approval, (2) the requirement that our stockholders may not act without a meeting, (3) requirements for advance notification of stockholder nominations and proposals contained in our bylaws, (4) the absence of cumulative voting for our directors, (5) requirements for stockholder approval of certain business combinations and (6) the limitations on director nominations contained in our Stockholders Agreement. See "Description of Capital Stock" for more detail.

Additionally, Section 203 of the Delaware General Corporation Law, or the DGCL, prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in

Table of Contents

which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The existence of the foregoing provision could also limit the price that investors might be willing to pay in the future for shares of our Class A common stock, thereby depressing the market price of our Class A common stock.

***There is no existing market for our Class A common stock, and we do not know if one will develop to provide you with adequate liquidity.***

Prior to this offering, there has not been a public market for our Class A common stock. An active market for our Class A common stock might not develop following the consummation of this offering, or if it does develop, might not be maintained. If an active trading market does not develop, you may have difficulty selling any of our Class A common stock that you buy. The initial public offering price for the shares of our Class A common stock will be determined by negotiations between us and the representatives of the underwriters and might not be indicative of prices that will prevail in the open market following this offering. Consequently, you might not be able to sell shares of our Class A common stock at prices equal to or greater than the initial public offering price.

***Our stock price might fluctuate significantly, which could cause the value of your investment in our Class A common stock to decline, and you might not be able to resell your shares at a price at or above the initial public offering price.***

Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock regardless of our results of operations. The trading price of our Class A common stock is likely to be volatile and subject to significant price fluctuations in response to many factors, including:

market conditions or trends in our industry, including with respect to the regulatory environment, or the economy as a whole;

fluctuations in quarterly operating results, as well as differences between our actual financial and operating results and those expected by investors;

changes in key personnel;

entry into new markets;

announcements by us or our competitors of new service offerings or significant acquisitions, divestitures, strategic partnerships, joint ventures or capital commitments;

actions by competitors;

changes in operating performance and stock market valuations of other companies;

investors' perceptions of our prospects and the prospects of the industry;

the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;

announcements related to litigation;

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guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;

changes in financial estimates or ratings by any securities analysts who follow our Class A common stock, our failure to meet these estimates or the failure of those analysts to initiate or maintain coverage of our Class A common stock;

Table of Contents

changes in the credit ratings of our debt;

the development and sustainability of an active trading market for our Class A common stock;

investor perceptions of the investment opportunity associated with our Class A common stock relative to other investment alternatives;

future sales of our Class A common stock by our officers, directors and significant stockholders;

other events or factors, including those resulting from system failures and disruptions, earthquakes, hurricanes, war, acts of terrorism, other natural disasters or responses to these events; and

changes in accounting principles.

These and other factors may cause the market price and demand for shares of our Class A common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of our Class A common stock and may otherwise negatively affect the liquidity of our Class A common stock. In that event, the price of our Class A common stock would likely decrease. In the past, when the market price of a stock has been volatile, security holders have often instituted class action litigation against the company that issued the stock. If we become involved in this type of litigation, regardless of the outcome, we could incur substantial legal costs and our management's attention could be diverted from the operation of our business, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Future sales of our Class A common stock in the public market could cause the market price of our Class A common stock to decrease significantly.***

Sales of substantial amounts of our Class A common stock in the public market following this offering by our existing stockholders, upon the exercise of stock options granted or by persons who acquire shares in this offering may cause the market price of our Class A common stock to decrease significantly. The perception that such sales could occur could also depress the market price of our Class A common stock. Any such sales could also create public perception of difficulties or problems with our business and might also make it more difficult for us to raise capital through the sale of equity securities in the future at a time and price that we deem appropriate.

Upon the consummation of this offering, we will have 49,483,408 outstanding shares of Class A common stock and 10,530,759 outstanding shares of our Class B common stock, of which:

8,108,108 shares are shares that we are selling in this offering and, unless purchased by affiliates, may be resold in the public market immediately after this offering; and

51,906,059 shares will be "restricted securities," as defined under Rule 144 under the Securities Act, and be eligible for sale in the public market subject to the requirements of Rule 144; of these, 51,331,480 shares are subject to lock-up agreements and will become available for resale in the public market beginning 180 days after the date of this prospectus and the remainder will become available for resale in the public market immediately following this offering.

The lock-up agreements with the underwriters of this offering prohibit a stockholder from selling, contracting to sell or otherwise disposing of any Class A common stock or securities that are convertible or exchangeable for Class A common stock or entering into any arrangement that transfers the economic consequences of ownership of our Class A common stock for at least 180 days from the date of the prospectus filed in connection with this offering, although the

Table of Contents

representatives may, in their sole discretion and at any time without notice, release all or any portion of the securities subject to these lock-up agreements. Upon a request to release any shares subject to a lock-up, the representatives would consider the particular circumstances surrounding the request including, but not limited to, the length of time before the lock-up expires, the number of shares requested to be released, reasons for the request, the possible impact on the market for our Class A common stock and whether the holder of our shares requesting the release is an officer, director or other affiliate of ours. As a result of these lock-up agreements, notwithstanding earlier eligibility for sale under the provisions of Rule 144, none of these shares may be sold until at least 180 days after the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting."

As restrictions on resale expire or as shares are registered, our share price could drop significantly if the holders of these restricted or newly registered shares sell them or are perceived by the market as intending to sell them. These sales might also make it more difficult for us to raise capital through the sale of equity securities in the future at a time and at a price that we deem appropriate.

See the information under the heading "Shares Eligible for Future Sale" for a more detailed description of the shares that will be available for future sales upon consummation of this offering.

***We do not expect to pay any cash dividends for the foreseeable future.***

We do not anticipate that we will pay any dividends to holders of our Class A common stock for the foreseeable future. Any payment of cash dividends will be at the discretion of our Board and will depend on our financial condition, capital requirements, legal requirements, earnings and other factors. Our ability to pay dividends is restricted by the terms of our senior secured facilities and might be restricted by the terms of any indebtedness that we incur in the future. Consequently, you should not rely on dividends in order to receive a return on your investment. See "Dividend Policy."

***If securities analysts or industry analysts downgrade our shares, publish negative research or reports, or do not publish reports about our business, our share price and trading volume could decline.***

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If one or more analysts adversely change their recommendation regarding our shares or our competitors' stock, our share price would likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. As a result, the market price for our Class A common stock may decline below the initial public offering price and you might not be able to resell your shares of our Class A common stock at or above the initial public offering price.

***If you purchase shares of Class A common stock sold in this offering, you will incur immediate and substantial dilution.***

The initial public offering price per share is substantially higher than the pro forma net tangible book value per share immediately after this offering. As a result, you will pay a price per share that substantially exceeds the book value of our assets after subtracting the book value of our liabilities. Based on our pro forma net tangible book value as of September 30, 2014 and assuming an offering price of \$18.50 per share, the midpoint of the range set forth on the cover page of this prospectus, you will incur immediate and substantial dilution in the amount of \$25.19 per share. See "Dilution."

Table of Contents

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus, including the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business," contains forward looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations, are forward looking statements. The words "believe," "may," "might," "will," "estimate," "continue," "anticipate," "intend," "seek," "plan," "should," "expect" and similar expressions are intended to identify forward looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding: (i) trends in R&D spending, outsourcing penetration rates and the incremental growth of the late-stage clinical development services market relative to the overall market; (ii) fast growing therapeutic areas and (iii) the continuous enhancement of our Trusted Process® to deliver superior outcomes. Forward looking statements are based largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short term and long term business operations and objectives, and financial needs. These forward looking statements are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements we may make. In light of these risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward looking statements. We caution you therefore against relying on these forward-looking statements.

Some of the key factors that could cause actual results to differ from our expectations include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

our failure to generate a large number of new business awards and the risk of delay, termination, reduction in scope or failure to go to contract of our business awards;

the failure to convert backlog to revenue;

fluctuation in our results between fiscal quarters and years;

our history of net losses which may continue;

the impact of underpricing our contracts, overrunning our cost estimates or failing to receive approval for or experiencing delays with documentation of change orders;

the risks associated with our information systems infrastructure;

adverse results from customer or therapeutic area concentration;

the risks associated with doing business internationally;

the risks associated with our intercompany transfer pricing policies;

our failure to successfully increase our market share, grow our business and execute our growth strategies;

the risks associated with upgrading our information systems and evolving the technology platform for our services;

Table of Contents

the risks associated with implementing a new version of our Enterprise Resource Planning system;

failure to perform our services in accordance with contractual requirements, regulatory standards and ethical considerations;

the risk of litigation and personal injury claims;

inadequate insurance coverage for our operations and indemnification obligations;

our failure to attract principal investigators and patients for our clinical trials;

the risks related to our Phase I Services segment;

the impact of a failure to retain qualified management and key personnel;

the impact of unfavorable economic conditions and exchange rate and effective income tax rate fluctuations;

our limited ability to protect our intellectual property rights;

the risks associated with potential future acquisitions or investments in our customers' businesses or drugs;

the risks related to our relationships with existing or potential customers who are in competition with each other;

potential impairment of goodwill or other intangible assets;

the risks arising from the restructuring of our operations;

our inability to compete effectively for the services we provide;

changes in trends in the biopharmaceutical industry, including our customers reducing their R&D spend or limiting the amount of such spend that is subject to competitive bidding among CROs;

the impact of changes in government regulations and healthcare reform;

failure to keep pace with rapid technological changes;

our ability to service our substantial indebtedness;



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the effect of covenant restrictions in our debt agreements on our ability to operate our business;

fluctuations in interest rates; and

the other factors set forth in "Risk Factors."

The forward looking statements included in this prospectus are made only as of the date hereof. You should not rely upon forward looking statements as predictions of future events. Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward looking statements. We undertake no obligation to update publicly any forward looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations, except as may be required by law.

You should read this prospectus with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

Table of Contents

**CORPORATE REORGANIZATION**

Prior to the consummation of this offering, we will effect a corporate reorganization, whereby our direct, wholly-owned subsidiary, INC Intermediate, will merge with and into us, and we will be the surviving entity of such merger. The corporate reorganization will not affect our operations, which we will continue to conduct through our operating subsidiaries.

Currently, prior to the reorganization, our authorized capital stock consists of the following:

Class A common stock, which has full economic rights and which is entitled to one vote per share on all matters subject to a vote of our stockholders other than the election of directors;

Class B common stock, which has no economic rights other than a redemption value of \$0.00002 per share and which is entitled to one vote per share on the election of directors (but no other matters); and

Class C common stock, all of which is held by Teachers and has no voting or economic rights other than a right for Teachers to receive certain dividends (see "Certain Relationships and Related Person Transactions Class C Dividend Agreement").

Except as described below, each share of existing Class A common stock was issued in combination with a share of existing Class B common stock as a "Common Unit." Each Common Unit represents the full set of rights attributable to a typical share of common stock.

As part of the corporate reorganization that will occur prior to this offering, our authorized capital stock will be as follows:

new Class A common stock, which will have full economic rights and which will be entitled to one vote per share on all matters subject to a vote of our stockholders, including the election of directors;

new Class B common stock, which will be identical to the Class A common stock except that it will not carry the right to vote in the election of directors, and which will be convertible (on a one-for-one basis) into Class A common stock at any time at the election of the holder;

new Class C common stock, which will be identical to our existing Class C common stock; and

Class D common stock, which will have no economic rights other than a redemption value of \$0.000169 per share and which will be entitled to one vote per share on the election of directors (but no other matters), and which will be redeemable by us.

Prior to the merger, we will effect an 8.45 for 1 reverse stock split of our Class A and our Class B common stock, with any fractional share rounded to the nearest whole number. As part of the merger of INC Intermediate, (i) each currently outstanding share of Class A common stock held by stockholders other than an affiliate of OTPP will be converted into one share of new Class A common stock, (ii) each currently outstanding share of Class A common stock held by an affiliate of OTPP will be converted into one share of new Class B common stock, (iii) each currently outstanding share of Class B common stock will be converted into one share of Class D common stock, and (iv) each currently outstanding share of Class C common stock will be converted into one share of new Class C common stock. Following the merger and prior to this offering, we will redeem all of the outstanding shares of new Class C common stock and Class D common stock for \$3.4 million and \$9,000, respectively, using cash on hand, and subsequent to such redemptions of the new Class C common stock and Class D common stock, we will amend our certificate of incorporation to eliminate the new Class C common stock and the Class D common stock from our

Table of Contents

authorized capital stock. In addition, in connection with the merger, we also will retire all shares of our outstanding treasury stock. Immediately following the merger, an affiliate of OTPP will convert the relevant number of shares of new Class B common stock into new Class A common stock such that affiliates of OTPP hold no more than 29.0% of the total issued and outstanding new Class A common stock after giving effect to this offering. We refer to these steps, including the reverse stock split, as the "corporate reorganization."

Table of Contents

**USE OF PROCEEDS**

We estimate that the net proceeds to us from our sale of 8,108,108 shares of Class A common stock in this offering will be approximately \$135.0 million, after deducting underwriting discounts and commissions and estimated expenses payable by us in connection with this offering. The underwriters may also purchase up to a maximum of 1,216,216 additional shares of Class A common stock from us pursuant to their option to purchase additional shares. We estimate that the net proceeds to us, if the underwriters exercise their right to purchase the maximum of 1,216,216 additional shares of Class A common stock from us, will be approximately \$155.9 million, after deducting underwriting discounts and commissions and estimated expenses payable by us in connection with this offering. This assumes a public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus.

We expect to use substantially all of the net proceeds from this offering, \$134.0 million of additional term loans under our new senior secured credit facilities described in "Description of Material Indebtedness," less discounts and expenses of \$8.2 million, and approximately \$73.1 million of cash on our balance sheet to fund the redemption of all of our outstanding Notes and pay related fees and expenses. We expect the repayment of our \$300 million outstanding aggregate principal amount of Notes, plus redemption premiums, make-whole interest and related fees and expenses, to result in a cash outflow of \$336.5 million upon the consummation of this offering. Additionally, in connection with the corporate reorganization and this offering, we expect to use \$3.4 million of cash on hand to redeem our New Class C Common Stock, \$9,000 of cash on hand to redeem our New Series D Common Stock and \$3.4 million of cash on hand to terminate our Advisory Services Agreement with Avista. See "Corporate Reorganization" and "Certain Relationships and Related Person Transactions Advisory Services and Monitoring Agreement."

The Notes bear interest at a rate of 11.5% per annum and mature on July 15, 2019.

This expected use of net proceeds from this offering represents our current intentions based upon our present plans and business conditions. The amounts and timing of our actual expenditures depend on numerous factors, including the ongoing status of and results from our current operating activities, and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering.

Assuming no exercise of the underwriters' option to purchase additional shares, a \$1.00 increase (decrease) in the assumed initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by \$7.5 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated expenses payable by us.

Table of Contents

**DIVIDEND POLICY**

We have not declared or paid cash dividends on our existing Class A common stock or Class B common stock. In the years ended December 31, 2012 and December 31, 2013 and in the nine months ended September 30, 2014, we paid dividends of \$500,000, \$500,000 and \$375,000, respectively, to holders of our Class C common stock. We do not intend to pay cash dividends on our Class A common stock or our Class B common stock in the foreseeable future, and we intend to redeem any outstanding shares of Class C common stock in connection with the corporate reorganization. See "Risk Factors Risks Related to Our Class A Common Stock and this Offering We do not expect to pay any cash dividends for the foreseeable future" and "Corporate Reorganization." However, in the future, subject to the factors described below and our future liquidity and capitalization, we may change this policy and choose to pay dividends.

We are a holding company that does not conduct any business operations of our own. As a result our ability to pay cash dividends on our common stock is dependent upon cash dividends and distributions and other transfers from our subsidiaries. The ability of our subsidiaries to pay dividends is currently restricted by the terms of our senior secured facilities, the indenture governing the Notes and may be further restricted by any future indebtedness we or they incur. In addition, under Delaware law, our Board may declare dividends only to the extent of our surplus (which is defined as total assets at fair market value minus total liabilities, minus statutory capital) or, if there is no surplus, out of our net profits for the then current and/or immediately preceding fiscal year.

Any future determination to pay dividends will be at the discretion of our Board and will take into account:

restrictions in our debt instruments, including our senior secured facilities and the indenture governing the Notes;

general economic business conditions;

our financial condition, results of operations and cash flows;

our capital requirements;

our business prospects;

the ability of our operating subsidiaries to pay dividends and make distributions to us;

legal restrictions; and

such other factors as our Board may deem relevant.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and our capitalization, as of September 30, 2014:

on an actual basis;

on a pro forma basis to give effect to our corporate reorganization immediately prior to the consummation of this offering; and

on a pro forma as adjusted basis to give effect to our corporate reorganization, the concurrent refinancing of our senior secured credit facilities as described in "Description of Material Indebtedness", the repayment of our \$300 million Notes and the sale of 8,108,108 shares of our Class A common stock in this offering, assuming no exercise of the underwriters' option to purchase additional shares, at an assumed initial offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds received by us from this offering as described in "Use of Proceeds."

This table should be read in conjunction with "Use of Proceeds," "Selected and Pro Forma Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Capital Stock" and our financial statements and notes thereto included elsewhere in this prospectus.

	<b>As of September 30, 2014</b>		
	<b>Actual</b>	<b>Pro Forma</b>	<b>Pro Forma As Adjusted(1)</b>
	<b>(dollars in thousands)</b>		
Cash and cash equivalents	\$ 185,803	\$ 182,419	\$ 105,960(2)
Debt:			
Revolving credit facility(3)	\$	\$	\$
Term loan(3)	291,027	291,027	425,000
Senior notes(4)	300,000	300,000	
Capital leases	677	677	677
<b>Total long-term debt, including current portion</b>	<b>\$ 591,704</b>	<b>\$ 591,704</b>	<b>\$ 425,677</b>
Stockholders' (deficit) equity:			
Existing Class A common stock (\$0.01 par value, 118,343,195 shares authorized, 52,579,550 shares issued and 51,906,059 outstanding on an actual basis; no shares authorized, issued and outstanding on a pro forma basis; and no shares authorized, issued and outstanding on a pro forma as adjusted basis)(5)	\$ 526	\$	\$
Existing Class B common stock (\$0.01 par value, 118,343,195 shares authorized, 52,579,550 shares issued and 51,906,059 outstanding on an actual basis; no shares authorized and no shares issued and outstanding on a pro forma basis; and no shares authorized, issued and outstanding on a pro forma as adjusted basis)(5)	526		



Table of Contents

	As of September 30, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(dollars in thousands)		
Existing Class C common stock (\$0.01 par value, 50 shares authorized and 1 share issued and outstanding on an actual basis; no shares authorized and no shares issued and outstanding on a pro forma basis; and no shares authorized, issued and outstanding on a pro forma as adjusted basis)(5)			
New Class A common stock (\$0.01 par value, no shares authorized, issued and outstanding on an actual basis; 300 million shares authorized and 38,063,538 shares issued and outstanding on a pro forma basis; and 300 million shares authorized and 49,483,408 shares issued and outstanding on a pro forma as adjusted basis)		381	495
New Class B common stock (\$0.01 par value, no shares authorized, issued and outstanding on an actual basis; 300 million shares authorized and 13,842,521 shares issued and outstanding on a pro forma basis; and 300 million shares authorized and 10,530,759 shares issued and outstanding on a pro forma as adjusted basis)		138	105
Additional paid-in-capital	482,991	473,351	608,270
Treasury stock	(6,789)		
Accumulated other comprehensive loss	(20,870)	(20,870)	(20,870)
Accumulated deficit	(162,896)	(162,896)	(216,497)
Total stockholders' (deficit) equity	293,488	290,104	371,503
Total capitalization	\$ 885,192	\$ 881,808	\$ 797,180

- (1) Assuming the number of shares sold by us in this offering remains the same, a \$1.00 increase or decrease in the assumed initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease our total capitalization by \$7.5 million.
- (2) Includes the use of approximately \$3.4 million of cash on hand to pay the termination fee under our Advisory Services and Monitoring Agreement with Avista. See "Certain Relationships and Related Person Transactions Advisory Services and Monitoring Agreement."
- (3) The existing senior secured facilities provide for a \$75.0 million revolving credit facility and a \$291.0 million term loan, before \$3.3 million of unamortized discounts as of September 30, 2014. As of September 30, 2014, we had no borrowings outstanding and a letter of credit commitment of \$0.9 million, giving us approximately \$74.1 million of remaining revolver availability outstanding. The outstanding amount of the existing term loan facility as of September 30, 2014 is \$291.0 million. Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility pursuant to an Amended and Restated Credit Agreement. See "Description of Material Indebtedness Senior Secured Facilities."



Table of Contents

- (4) The senior notes consist of \$300.0 million in aggregate principal amount of the Notes issued July 12, 2011.
- (5) Prior to the consummation of this offering, we will effect a corporate reorganization, whereby our direct, wholly-owned subsidiary, INC Intermediate, will merge with and into us, and we will be the surviving entity of such merger. Prior to the merger, we will effect an 8.45 for 1 reverse stock split of our Class A and our Class B common stock, with any fractional share rounded to the nearest whole number. As part of the merger, (i) each currently outstanding share of Class A common stock held by stockholders other than an affiliate of OTPP will be converted into one share of new Class A common stock, (ii) each currently outstanding share of Class A common stock held by an affiliate of OTPP will be converted into one share of new Class B common stock, (iii) each currently outstanding share of Class B common stock will be converted into one share of Class D common stock and (iv) each currently outstanding share of Class C common stock will be converted into one share of new Class C common stock. Following the merger and prior to this offering, we will redeem all of the outstanding shares of new Class C common stock and Class D common stock for \$3.4 million and \$9,000, respectively, using cash on hand, and subsequent to such redemptions of the new Class C common stock and Class D common stock, we will amend and restate our certificate of incorporation to eliminate the new Class C common stock and the Class D common stock from our authorized common stock. Immediately following the merger, an affiliate of OTPP will convert the relevant number of shares of new Class B common stock into new Class A common stock such that affiliates of OTPP hold no more than 29% of the total issued and outstanding new Class A common stock after giving effect to this offering. See "Corporate Reorganization."

Table of Contents**DILUTION**

If you invest in our Class A common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma as adjusted net tangible book value per share of our Class A common stock upon the consummation of this offering. Dilution results from the fact that the per share offering price of our Class A common stock exceeds the book value per share attributable to new investors in this offering.

Our pro forma net tangible book value as of September 30, 2014 was \$(536.5) million, or \$(10.34) per share of Class A common stock. Pro forma net tangible book value represents the amount of total tangible assets less total liabilities, and net tangible book value per share represents net tangible book value divided by the number of shares of Class A common stock outstanding, in each case, after giving effect to our corporate reorganization but before giving effect to this offering.

After giving effect to (i) the sale of 8,108,108 shares of Class A common stock in this offering at the assumed initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus, (ii) the concurrent refinancing of the existing senior secured credit facilities as described in "Description of Material Indebtedness" and (iii) the application of the net proceeds from this offering, our pro forma as adjusted net tangible book value as of September 30, 2014 would have been \$(401.5) million, or \$(6.69) per share. This represents an immediate increase in pro forma net tangible book value of \$3.65 per share to our existing investors and an immediate dilution in pro forma as adjusted net tangible book value of \$25.19 per share to new investors.

The following table illustrates this dilution on a per share of Class A common stock basis:

Assumed initial public offering price per share of Class A common stock	\$	18.50
Pro forma net tangible book value per share as of September 30, 2014 before this offering	\$	(10.34)
Increase in pro forma net tangible book value per share attributable to new investors		3.65
Pro forma as adjusted net tangible book value per share after this offering		(6.69)
Dilution in net tangible book value per share to new investors	\$	25.19

The following table summarizes, on a pro forma as adjusted basis as of September 30, 2014 after giving effect to this offering, the total number of shares of Class A common stock purchased from us, the total cash consideration paid to us, or to be paid, and the average price per share paid, or to be paid, by our existing investors and by new investors purchasing shares in this offering, at an assumed initial public offering price of \$18.50 per share, which is the midpoint of the range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	51,906,059	86.5%	\$ 470,887,349	75.8%	\$ 9.07
New investors	8,108,108	13.5	150,000,000	24.2	18.50
<b>Total</b>	<b>60,014,167</b>	<b>100%</b>	<b>\$ 620,887,349</b>	<b>100%</b>	<b>10.35</b>

Table of Contents

If the underwriters were to fully exercise their option to purchase 1,216,216 additional shares of our Class A common stock, the percentage of shares of our Class A common stock held by existing investors would be 84.8%, and the percentage of shares of our Class A common stock held by new investors would be 15.2%.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$18.50 per share would increase (decrease) our pro forma as adjusted net tangible book value by \$7.5 million, the as adjusted net tangible book value per share after this offering by \$0.13 and the dilution per share to new investors by \$0.87 assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The above discussion and tables are based on the number of shares outstanding at September 30, 2014. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders.

Table of Contents

**NON-GAAP FINANCIAL MEASURES**

We report our financial results in accordance with GAAP. To supplement this information, we also use the following non-GAAP financial measures in this prospectus: EBITDA, Adjusted EBITDA, Adjusted Net Income (including diluted Adjusted Net Income per common share) and Adjusted Net Income, giving effect to the offering (including diluted Adjusted Net Income per common share, giving effect to the offering). Management believes that these non-GAAP measures provide useful supplemental information to management and investors regarding the underlying performance of our business operations. We use these non-GAAP measures to, among other things, evaluate our operating performance on a consistent basis, calculate incentive compensation for our employees and assess compliance with various metrics associated with our 2011 Credit Agreement.

EBITDA represents earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA, further adjusted to exclude certain expenses that we do not view as part of our core operating results, including management fees that terminate in connection with this offering, acquisition related amortization, restructuring costs, transaction expenses, non-cash stock compensation expense, contingent consideration related to acquisitions, goodwill impairment charges, debt refinancing expenses, and results of and gains or losses from the sale of unconsolidated subsidiaries.

Adjusted Net Income (including diluted Adjusted Net Income per common share) represents net income (including diluted net income per common share) adjusted to exclude amortization and other expenses that we do not view as part of our core operating results, including management fees that terminate in connection with this offering, acquisition related amortization, restructuring costs, transaction expenses, non-cash stock compensation expense, contingent consideration related to acquisitions, goodwill impairment charges, debt refinancing expenses, results of and gains or losses from the sale of unconsolidated subsidiaries and an adjustment to our tax rate to reflect an expected long-term tax rate which excludes the impact of our valuation allowances and historical net operating losses. Adjusted Net Income, giving effect to the offering (including diluted Adjusted Net Income per common share) represents Adjusted Net Income (including diluted Adjusted Net Income per common share) as further adjusted to reflect adjustments made to calculate pro forma net income (including diluted pro forma net income per common share).

We believe that EBITDA is a useful metric for investors as it is a common metric used by investors, analysts and debt holders to measure our ability to service our debt obligations, fund capital expenditures and meet working capital requirements.

Adjusted EBITDA is a measurement used by management and the Board 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. Adjusted EBITDA is also a useful measurement for management and investors to measure our ability to service our debt obligations.

Adjusted Net Income is also used by management and the Board to assess its business, as well as by investors and analysts, to measure performance. 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 an adjusted tax rate, which are otherwise excluded from Adjusted EBITDA. As we continue to reduce our outstanding debt as contemplated in this offering, we expect that items included in Adjusted Net Income and excluded from Adjusted EBITDA, such as interest expense, will have less impact on our financial performance. Accordingly, we expect that Adjusted Net Income will increasingly become more important for our Board in establishing incentive compensation based on our performance and for our investors as the measure of our operating performance on a period-to-period basis.

Table of Contents

Adjusted Net Income, giving effect to the offering gives effect to the offering and the related transactions contemplated therein. See footnote 5 to "Selected and Pro Forma Consolidated Financial Data." Management believes this measure is informative to investors by providing investors with the ability to compare Adjusted Net Income in future periods to historical amounts after giving effect to the offering.

These non-GAAP measures are performance measures only and are not measures of our cash flows or liquidity. EBITDA, Adjusted EBITDA, Adjusted Net Income (including diluted Adjusted Net Income per share) and Adjusted Net Income, giving effect to the offering (including diluted Adjusted Net Income per share, giving effect to the offering) are non-GAAP financial measures that are not in accordance with, or an alternative for, measures of financial performance prepared in accordance with GAAP and may be different from similarly titled non-GAAP measures used by other companies. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. Some of the limitations are:

EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income, giving effect to the offering do not reflect the cash requirements for such replacements; and

EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income, giving effect to the offering do not reflect our actual tax expense or, in the case of EBITDA and Adjusted EBITDA, the cash requirements to pay our taxes.

See the consolidated financial statements included elsewhere in this prospectus for our GAAP results. Additionally, for reconciliations of EBITDA, Adjusted EBITDA, and Adjusted Net Income (including diluted Adjusted Net Income per share) to our closest reported GAAP measures see "Selected and Pro Forma Consolidated Financial Data."

Table of Contents

**SELECTED AND PRO FORMA CONSOLIDATED FINANCIAL DATA**

The following tables set forth our selected and pro forma consolidated financial data for the periods ending on and as of the dates indicated. We derived the consolidated statements of operations data for the years ended December 31, 2011, December 31, 2012 and December 31, 2013 and the consolidated balance sheet data as of December 31, 2011, December 31, 2012 and December 31, 2013 from our audited consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2013 and September 30, 2014 and the consolidated balance sheet data as of September 30, 2014 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited consolidated financial information set forth below on the same basis as our audited consolidated financial statements and have included all adjustments, consisting of only normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for such periods. The results for any interim period are not necessarily indicative of the results that may be expected for a full year.

Our historical results are not necessarily indicative of future results of operations. You should read the information set forth below together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Capitalization" and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

Table of Contents

	Year Ended December 31,			Nine Months Ended	
	2011(1)	2012	2013	2013	2014
	(in thousands, except per share amounts)				
<b>Statement of Operations Data:</b>					
Net service revenue	\$ 437,005	\$ 579,145	\$ 652,418	\$ 478,053	\$ 596,003
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	262,997	255,141
Total revenue	655,986	868,600	995,090	741,050	851,144
Direct costs	279,840	389,056	432,261	320,182	381,102
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	262,997	255,141
Selling, general and administrative	95,063	109,428	117,890	83,699	104,332
Restructuring and other costs(2)	27,839	35,380	11,828	10,249	6,126
Transaction expenses(3)	10,322		508	324	2,042
Goodwill and intangible assets impairment(4)		4,000			17,245
Depreciation	15,700	19,915	19,175	13,934	16,628
Amortization	48,436	58,896	39,298	29,488	23,337
Income (loss) from operations	(40,195)	(37,530)	31,458	20,177	45,191
Interest expense, net	(65,482)	(62,007)	(60,489)	(44,358)	(41,627)
Other income (expense), net	11,519	4,679	(1,649)	(1,436)	6,177
Income (loss) before provision for income taxes	(94,158)	(94,858)	(30,680)	(25,617)	9,741
Income tax benefit (expense)	34,611	35,744	(10,849)	(2,933)	16,569
Net (loss) income	(59,547)	(59,114)	(41,529)	(28,550)	26,310
Class C common stock dividend	(4,500)	(500)	(500)	(375)	(375)
Net (loss) income attributable to Class A common stockholders:	\$ (64,047)	\$ (59,614)	\$ (42,029)	\$ (28,925)	\$ 25,935
Net (loss) income per share attributable to Class A common stockholders:					
Basic	\$ (1.46)	\$ (1.14)	\$ (0.81)	\$ (0.56)	\$ 0.50
Diluted	(1.46)	(1.14)	(0.81)	(0.56)	0.50
Weighted average Class A common shares outstanding:					
Basic	43,875	52,203	52,009	52,021	51,900

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Diluted	43,875	52,203	52,009	52,021	52,215
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**Unaudited Pro Forma Data:**

Pro forma net (loss) income attributable to common stockholders(5)			\$ (5,390)		\$ 49,092
Pro forma basic net (loss) income per common share(5)			\$ (0.09)		\$ 0.82
Pro forma diluted net (loss) income per common share(5)			\$ (0.09)		\$ 0.81
Pro forma weighted average common shares outstanding:					
Basic			60,117		60,008
Diluted			60,117		60,323

**Statement of Cash Flow Data:**

Net cash (used in) provided by:					
Operating activities	\$ (18,533)	\$ 42,999	\$ 37,270	\$ 12,407	\$ 117,328
Investing activities	(369,670)	(12,974)	(17,714)	(12,559)	(20,041)
Financing activities	422,053	(18,932)	(6,841)	(4,783)	(8,213)

**Other Financial Data:**

EBITDA(6)	\$ 35,460	\$ 45,960	\$ 88,282	\$ 62,163	\$ 91,333
Adjusted EBITDA(6)	65,450	84,366	105,521	75,681	113,936
Adjusted Net (Loss) Income(6)	(3,711)	2,735	15,375	10,174	38,971
Diluted Adjusted Net (Loss) Income per common share(6)	\$ (0.08)	\$ 0.05	\$ 0.30	\$ 0.20	\$ 0.75
Adjusted Net Income, giving effect to the offering(6)			38,458		53,560
Diluted Adjusted Net Income per common share, giving effect to the offering(6)			\$ 0.64		\$ 0.89
Capital expenditures	4,763	9,591	17,714	12,559	17,739
Cash dividend paid to Class C stockholders	4,500	500	500	375	375

**Operating Data:**

Backlog(7)	\$ 1,221,641	\$ 1,320,548	\$ 1,490,787	\$ 1,372,451	\$ 1,505,973
Net new business awards(8)	449,254	676,250	814,177	528,955	633,529
Net Book-to-Bill ratio(8)	1.0x	1.2x	1.2x	1.1x	1.1x



Table of Contents

	As of December 31,			As of
	2011(1)	2012	2013	September 30, 2014
	(in thousands)			
<b>Balance Sheet Data:</b>				
Cash and cash equivalents	\$ 70,960	\$ 81,363	\$ 96,972	\$ 185,803
Total assets	1,373,905	1,257,654	1,233,111	1,316,041
Total debt and capital leases(9)	605,593	594,186	594,479	588,405
Total stockholders' equity	\$ 379,490	\$ 316,830	\$ 276,207	\$ 293,488

- (1) We acquired Trident on June 1, 2011 and Kendle on July 12, 2011. The financial results of these entities have been included as of and since the date of acquisition. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations The Effect of Acquisitions on the Comparability of Our Historical Financial Statements" and Note 3 to our consolidated financial statements included elsewhere in this prospectus.
- (2) Restructuring and other costs consist of (i) severance costs associated with the reduction of our workforce in line with our future business operations and duplicative staff as a result of our acquisitions of Kendle and Trident and (ii) lease obligation and termination costs in connection with the abandonment and closure of redundant facilities as a result of our restructuring initiatives. Other costs consist primarily of information technology and other consulting and legal fees attributable to our integration of Kendle.
- (3) Transaction expenses of \$10.3 million for the year ended December 31, 2011 were related to legal fees, accounting fees and the noncapitalizable portion of bank fees related to our acquisition of Kendle. Transaction expenses of \$0.5 million for the year ended December 31, 2013 were related to third-party fees associated with debt refinancing and the legal fees associated with our acquisition of MEK Consulting in March 2014. For the nine months ended September 30, 2013, transaction expenses were \$0.3 million of legal fees associated with debt refinancing. For the nine months ended September 30, 2014, transaction expenses were \$2.0 million and consisted of \$1.7 million of third-party fees associated with the debt refinancing in February 2014 and \$0.3 million of legal fees associated with the MEK Consulting acquisition.
- (4) During the year ended December 31, 2012, we recorded a \$4.0 million impairment charge related to the goodwill associated with our Phase I Services reporting unit. During the nine months ended September 30, 2014, we recorded a \$17.2 million impairment charge related to intangible assets and goodwill associated with our Phase I Services and Global Consulting reporting units.
- (5) Pro forma net income and earnings per share:
- Unaudited pro forma net (loss) income gives effect to the estimated adjustments to interest expense and amortization of debt issuance costs related to (a) the repurchase of all of our outstanding Notes and (b) the

borrowings under the \$134.0 million of additional term loans under our new senior secured credit facilities described in "Description of Material Indebtedness," the proceeds of which, along with \$135.0 million proceeds from the initial public offering and \$73.1 million of existing cash, will be used to repurchase such outstanding Notes, as described in "Use of Proceeds." Unaudited pro forma earnings per share gives effect to the sale of the number of shares of Class A common stock required, using an assumed initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus, to (i) fund the proceeds used to repay the Notes, and (ii) give effect to our corporate reorganization as described in "Corporate Reorganization" immediately prior to the consummation of this offering.

Table of Contents

The following presents the computation of unaudited pro forma net income and unaudited pro forma earnings per share:

	<b>Year Ended December 31, 2013</b>	<b>Nine Months Ended September 30, 2014</b>
	<b>(in thousands, except per share amounts)</b>	
Net (loss) income attributable to Class A stockholders	\$ (42,029)	\$ 25,935
Pro forma adjustment for interest expense, net of tax(a)	36,639	23,157
Pro forma net income	\$ (5,390)	\$ 49,092
<b>Pro forma earnings per share</b>		
Basic	\$ (0.09)	\$ 0.82
Diluted	(0.09)	0.81
<b>Common shares used in computing income per Class A common share</b>		
Basic	52,009	51,900
Diluted	52,009	52,215
Total pro forma common share adjustment	8,108	8,108
<b>Pro forma weighted average common shares outstanding</b>		
Basic	60,117	60,008
Diluted	60,117	60,323

(a)

These adjustments reflect the elimination of the historical interest expense and amortization of debt issuance costs related to the 2011 senior notes and 2011 credit facility, as well as the incurrence of interest expense related to the new term loans, after reflecting the pro forma effect of the refinancing as follows:

	<b>Year Ended December 31, 2013</b>		
	<b>Interest Expense</b>	<b>Amortization of Debt Issue Costs</b>	<b>Total</b>
2011 senior notes	\$ 34,500	\$ 1,972	\$ 36,472
2011 credit facility	18,444	2,995	21,439
New term loans	(20,188)	(1,084)	(21,272)
Total	\$ 32,756	\$ 3,883	\$ 36,639

**Nine Months Ended September 30,  
2014**

	<b>Interest Expense</b>	<b>Amortization of Debt Issue Costs</b>	<b>Total</b>
2011 senior notes	\$ 25,875	\$ 1,323	\$ 27,198
2011 credit facility	10,143	1,770	11,913
New term loans	(15,141)	(813)	(15,954)
<b>Total</b>	<b>\$ 20,877</b>	<b>\$ 2,280</b>	<b>\$ 23,157</b>

The pro forma adjustments are not tax affected as the impact amounts would have been offset by the release of deferred tax asset valuation allowances. The interest rate of the new term loans has not been determined as of the date of this prospectus. Pro forma interest expense for the new term loans is based upon an estimated rate of LIBOR plus 3.75% with a LIBOR floor of 1.00%, yielding an assumed rate of 4.75%. For every 1.00% change in the assumed interest rate, our pro forma interest expense would increase or decrease (as applicable) by \$4.3 million and \$3.2 million, respectively, for the year ended December 31, 2013 and the nine months ended September 30, 2014.

(b)

Adjustments for common shares as follows:

Indebtedness to be repaid with proceeds from this offering (net of \$15,000 in fees and expenses)	\$ 135,000
Offering price per common share	\$ 18.50
Common shares assumed issued to repay Notes	8,108

(6)

We report our financial results in accordance with GAAP. To supplement this information, we also use the following non-GAAP financial measures in this prospectus: EBITDA, Adjusted EBITDA, Adjusted Net Income (including diluted Adjusted Net Income per share) and Adjusted Net Income, giving effect to the offering (including diluted Adjusted Net Income per share, giving effect to the offering). For a discussion of the non-GAAP financial measures in this prospectus, see "Non-GAAP Financial Measures."

Table of Contents

Investors and potential investors are encouraged to review the following reconciliations of EBITDA, Adjusted EBITDA, Adjusted Net Income (including diluted Adjusted Net Income per share) and Adjusted Net Income, giving effect to the offering (including diluted Adjusted Net Income per share, giving effect to the offering) to our closest reported GAAP measures:

	Year Ended December 31,			Nine Months Ended	
	2011	2012	2013	September 30, 2013	September 30, 2014
	(in thousands, except per share amounts)				
<b>EBITDA and Adjusted EBITDA:</b>					
Net (loss) income as reported	\$ (59,547)	\$ (59,114)	\$ (41,529)	\$ (28,550)	\$ 26,310
Interest expense, net	65,482	62,007	60,489	44,358	41,627
Income tax (benefit) expense	(34,611)	(35,744)	10,849	2,933	(16,569)
Depreciation	15,700	19,915	19,175	13,934	16,628
Amortization	48,436	58,896	39,298	29,488	23,337
<b>EBITDA</b>	<b>35,460</b>	<b>45,960</b>	<b>88,282</b>	<b>62,163</b>	<b>91,333</b>
Other expense (income)	(9,864)	(1,944)	1,453	1,240	(6,177)
Restructuring and other costs	27,839	35,380	11,828	10,249	6,126
Stock-based compensation expense	1,176	1,248	2,419	853	2,305
Contingent consideration treated as compensation expense(a)	1,540	1,867	253	252	642
Debt refinancing expenses(b)	2,167		244	245	1,763
Transaction expenses(c)	8,155		264	79	279
Monitoring and advisory fees(d)	632	590	582	404	420
Loss (gain) on unconsolidated affiliates	(1,655)	(2,735)	196	196	
Goodwill and intangible assets impairment		4,000			17,245
<b>Adjusted EBITDA</b>	<b>\$ 65,450</b>	<b>\$ 84,366</b>	<b>\$ 105,521</b>	<b>\$ 75,681</b>	<b>\$ 113,936</b>

**Adjusted Net Income and Adjusted Net Income, giving effect to the offering:**

Net (loss) income as reported	\$ (59,547)	\$ (59,114)	\$ (41,529)	\$ (28,550)	\$ 26,310
Amortization	48,436	58,896	39,298	29,488	23,337
Restructuring and other costs	27,839	35,380	11,828	10,249	6,126
Stock-based compensation expense	1,176	1,248	2,419	853	2,305
Contingent consideration treated as compensation expense(a)	1,540	1,867	253	252	642
Debt refinancing expenses(b)	2,167		244	245	1,763





Table of Contents

- (d) Monitoring and advisory fees are paid to affiliates of Avista, which will terminate upon completion of this offering, as well as reimbursements of expenses paid to Avista and Teachers pursuant to the Expense Reimbursement Agreement.
- (e) The effective tax rate has been adjusted to reflect the removal of the tax impact of our valuation allowances recorded against our deferred tax assets and changes in the assertion to permanently reinvest the undistributed earnings of foreign subsidiaries. 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 which are not indicative of our underlying financial performance. Specifically, the majority of our revenue in 2013 was generated in jurisdictions in which we recognized no tax expense or benefit due to changes in this valuation allowance. Further, we have historically recorded a valuation allowance against certain foreign tax losses, however, in the second quarter of 2014 the valuation allowance in one of our jurisdictions was reversed creating a significant tax benefit of \$24.4 million, which we also do not believe is indicative of our ongoing operations. The adjustment is based on utilizing a 37% overall effective tax rate.
- The effective tax rate has also been adjusted to reflect the tax adjustments for the estimated tax impact of the non-operating non-GAAP adjustments used to arrive at Adjusted Net Income (Loss), using the estimated effective tax rate of 37%.
- (f) Adjustment for the tax effect of the non-GAAP adjustments made to arrive at Adjusted Net (Loss) Income using the effective tax rate for the period.
- (g) See unaudited pro forma discussion above under (5).
- (7) Backlog consists of anticipated net service revenue from contract and pre-contract commitments that are supported by written communications. The dollar amount of our backlog consists of anticipated future net service revenue from business awards that either have not started but are anticipated to begin in the next 12 months, or are in process and have not been completed. The majority of our contracts can be terminated by our customers with 30 days' notice. Backlog has been adjusted to reflect any cancellations or adjustments to the related contracts and changes in the foreign currency exchange rates of awards not denominated in U.S. dollars. Included within backlog at September 30, 2014 is approximately \$0.2 billion that we expect to generate revenue in 2014 and \$0.7 billion in 2015, with the remainder expected to generate revenue beyond 2015. Backlog is not necessarily indicative of future financial performance because it will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several years, project change orders resulting in increases or decreases in project scope and cancellations.
- (8) Net new business awards represent the value of future net service revenue awarded during the period supported by contracts or written pre-contract communications from our customers for projects that have received appropriate internal funding approval, are not contingent upon completion of another trial or event, and are expected to commence within the next 12 months, minus the value of cancellations in the same period. We believe net book-to-bill ratio represents "net new business awards" divided by net service revenue. Net book-to-bill ratio is commonly used in our industry and represents a useful indicator of our potential future revenue growth rate as it measures the rate at which we are generating net new business awards compared to our current revenues. Net book-to-bill is best viewed on a trailing twelve month basis due to the variability



within any particular quarter that can be caused by a very large award or cancellation. The trailing twelve month net book-to-bill ratio for September 30, 2013 and September 30, 2014 was 1.0x and 1.2x, respectively. Our book-to-bill ratio in the third quarter of 2014 was 1.2x and has been 1.2x or above in four of the last five quarters with a book-to-bill ratio that reached a high of 1.8x during the third quarter of 2013. Further, we cannot assure you that the net book-to-bill rate is predictive of future financial performance because it will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several years, project change orders resulting in increases or decreases in project scope and cancellations.

- (9) Includes \$8.0 million, \$6.7 million, \$4.6 million, and \$3.3 million of unamortized discounts as of December 31, 2011, 2012, and 2013 and September 30, 2014, respectively.

Table of Contents

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read together with "Selected and Pro Forma Consolidated Financial Data" and the consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements related to future events and our future financial performance that are based on current expectations and subject to risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this prospectus.

**Overview of Our Business and Services**

We are a leading global CRO, exclusively focused on Phase I to Phase IV clinical development services for the biopharmaceutical and medical device industries. We provide our customers highly differentiated therapeutic alignment and expertise, with a particular strength in CNS, oncology and other complex diseases. We consistently and predictably deliver clinical development services in a complex environment and offer a proprietary, operational approach to clinical trials through our Trusted Process® methodology. Our service offerings focus on optimizing the development of and, therefore, the commercial potential for, our customers' new biopharmaceutical compounds, enhancing returns on their R&D investments, and reducing their overhead by offering an attractive variable cost alternative to fixed cost, in-house resources.

Our extensive range of services supports the entire clinical development process from Phase I to Phase IV and allows us to offer our customers an integrated suite of investigative site support and clinical development services. We offer these services across a wide variety of therapeutic areas with deep clinical expertise with a primary focus on Phase II to Phase IV clinical trials. We provide total biopharmaceutical program development while also providing discrete services for any part of a trial. The combination of service area experts and the depth of clinical capability allows for enhanced protocol design and actionable trial data.

We have three reportable segments: Clinical Development Services, Phase I Services and Global Consulting. Clinical Development Services offers a variety of select and stand-alone clinical development services as well as full-service global studies, along with ancillary services such as clinical monitoring, investigator recruitment, patient recruitment, data management and study reports to assist customers with their drug development process. Phase I Services focuses on clinical development services for Phase I trials that include scientific exploratory medicine, first-in-human studies through proof-of-concept stages and support for Phase I studies in established compounds. Global Consulting provides consulting services regarding clinical trial regulatory affairs, regulatory consulting services, quality assurance audits and pharmacovigilance consulting, non-clinical consulting and medical writing consulting.

Our discussion and analysis of our financial condition and results of operations herein is presented on a consolidated basis. Because our Clinical Development Services segment accounts for substantially all of our business operations and approximately 95% of our net service revenue for the year ended December 31, 2013, we believe that a discussion of our reportable segments' operations would not be meaningful disclosure for investors. See further discussion in Note 13 to our consolidated financial statements included elsewhere in this prospectus.

We earn net service revenue primarily for services performed under contracts for global clinical drug trials, based upon a combination of milestones and output measures that are specific to the services performed and defined by the contract. Engagements for Phase II to Phase IV clinical trials, which represent the majority of our revenue, are typically long duration contracts ranging from several months to several years. The contracts for these engagements typically cover the detailed

Table of Contents

scope of work, phases, milestones, billing schedules and processes for review of work and clinical results. Contracts are individually priced and negotiated based on the anticipated level of effort required to complete the project, the complexity and performance risks and the level of competition in the market.

Direct costs associated with these contracts consist principally of compensation expense and benefits associated with our employees and other employee-related costs. While we can manage the majority of these costs relative to the amount of contracted services we have during any given period, direct costs as a percentage of net service revenue can vary from period to period. Such fluctuations are due to a variety of factors, including, among others: (i) the level of staff utilization created by our ability to effectively manage our workforce, (ii) adjustments to the timing of work on specific customer contracts, (iii) the experience mix of personnel assigned to projects, and (iv) the service mix and pricing of our contracts. In addition, as global projects wind down or as delays and cancellations occur, staffing levels in certain countries or functional areas can become misaligned with the current business volume.

**Corporate Reorganization**

Prior to the consummation of this offering, we will effect a corporate reorganization, whereby our direct, wholly-owned subsidiary, INC Intermediate, will merge with and into us, and we will be the surviving entity of such merger. Prior to the merger, we will effect an 8.45 for 1 reverse stock split of our Class A and our Class B common stock, with any fractional share rounded to the nearest whole number. As part of the merger, (i) each currently outstanding share of Class A common stock held by stockholders other than an affiliate of OTPP will be converted into one share of new Class A common stock, with any fractional share rounded to the nearest whole number, (ii) each currently outstanding share of Class A common stock held by an affiliate of OTPP will be converted into one share of new Class B common stock, (iii) each currently outstanding share of Class B common stock will be converted into one share of Class D common stock, and (iv) each currently outstanding share of Class C common stock will be converted into one share of new Class C common stock. Following the merger and prior to this offering, we will redeem all of the outstanding shares of new Class C common stock and Class D common stock for \$3.4 million and \$9,000, respectively, using cash on hand, and subsequent to such redemptions of the new Class C common stock and Class D common stock, we will amend and restate our certificate of incorporation to eliminate the new Class C common stock and the Class D common stock from our authorized common stock. Immediately following the merger, an affiliate of OTPP will convert the relevant number of shares of new Class B common stock into new Class A common stock such that affiliates of OTPP hold no more than 29.0% of the total issued and outstanding new Class A common stock after giving effect to this offering. We refer to these steps as the "corporate reorganization." The corporate reorganization will not affect our operations, which we will continue to conduct through our operating subsidiaries. See "Corporate Reorganization."

**Refinancing**

Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility pursuant to an Amended and Restated Credit Agreement. We intend to use the proceeds of the \$134.0 million of additional term loan borrowings, along with the proceeds of this offering and, assuming an initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, \$73.1 million of cash on hand to redeem all of our outstanding Notes and pay any redemption premiums, make-whole interest and related fees and expenses. See "Description of Material Indebtedness."

Table of Contents

**The Effect of Acquisitions on the Comparability of Our Historical Financial Statements**

On June 1, 2011, we completed the acquisition of Trident, a full service CRO providing Phase I to Phase IV services in the Asia-Pacific region, or the Trident Acquisition. The results of Trident's operations have been included in our consolidated financial statements since that date. The purchase agreement required us to pay up to \$7.6 million of additional consideration to Trident's former shareholders, if a key employee, who was also a shareholder, remained an employee in good standing with the Company, as defined in the agreement, upon specified anniversary dates. Of the \$7.6 million of additional consideration, \$3.7 million was due to this same key employee and was accrued and expensed as compensation ratably over the contingent employment period. As of December 31, 2013, we had fully paid the total additional consideration of \$7.6 million.

On July 12, 2011, we completed the acquisition of Kendle, or the Kendle Acquisition, for \$15.25 per share in cash. The fair value of the consideration transferred at the acquisition date was \$377.3 million. The results of Kendle's operations have been included in our consolidated financial statements since that date. The Kendle Acquisition expanded our global footprint, broadened our therapeutic expertise, provided additional scale to serve our customers and increased our top-tier position in Phase II to Phase IV clinical trials relative to other global CROs.

The following discussion and analysis of our financial condition and results of operations includes periods prior to the consummation of the Kendle Acquisition and related financing and other transactions, and the Trident Acquisition. The term "Acquired Businesses" refers to the businesses that we acquired pursuant to the Kendle Acquisition and the Trident Acquisition. The discussion and analysis of historical periods reflects the results of operations of the Acquired Businesses from their respective acquisition dates. Our financial statements subsequent to these acquisition dates differ in important respects from our historical financial statements, which affects the comparability of our financial results. For additional information on the Acquired Businesses and other acquisitions, see Note 3 to our consolidated financial statements included elsewhere in this prospectus.

**New Business Awards and Backlog**

We add new business awards to backlog when we enter into a contract or when we receive a written commitment from the customer selecting us as its service provider, provided that (i) the customer has received appropriate internal funding approval, (ii) the project or projects are not contingent upon completion of another trial or event, (iii) the project or projects are expected to commence within the next 12 months and (iv) in the case of a written commitment from a customer, the customer intends to enter into a comprehensive contract as soon as practicable. Contracts generally have terms ranging from several months to several years. We recognize revenue on these awards as services are performed, provided we have entered into a contractual commitment with the customer. Our new business awards, net of cancellations of prior awards, for the years ended December 31, 2011, 2012, and 2013 were \$449.3 million, \$676.3 million and \$814.2 million, respectively, representing a 50.5% increase from 2011 to 2012 and a 20.4% increase from 2012 to 2013. Our new business awards, net of cancellations of prior awards, for the nine months ended September 30, 2013 and 2014 were \$529.0 million and \$633.5 million, respectively, representing a 19.8% year-over-year increase. Net new business awards were negatively impacted for the nine months ended September 30, 2014 as a result of a cancellation of interrelated programs during the second quarter of 2014 of approximately \$132 million due to scientific concerns our customer had with the viability of the compound under development. This cancellation reduced net awards by \$85 million during the nine months ended September 30, 2014. New business awards have varied and will continue to vary significantly from quarter to quarter.

The dollar amount of our backlog consists of anticipated future net service revenue from business awards that either have not started but are anticipated to begin in the future, or that are in

Table of Contents

process and have not been completed. Our backlog also reflects any cancellation or adjustment activity related to these contracts. The average duration of our contracts will fluctuate from period to period in the future based on the contracts comprising our backlog at any given time. The majority of our contracts can be terminated by our customers with 30 days' notice. The dollar amount of our backlog is adjusted each quarter for foreign currency fluctuations. Our backlog as of December 31, 2011, 2012 and 2013 was \$1.2 billion, \$1.3 billion and \$1.5 billion, respectively, representing a 8.1% increase from 2011 to 2012 and 12.9% increase from 2012 to 2013. Our backlog as of September 30, 2013 was \$1.4 billion, compared to \$1.5 billion as of September 30, 2014, representing a year-over-year increase of 9.7%. Included within backlog at September 30, 2014 is approximately \$0.2 billion that we expect to generate revenue in 2014 and \$0.7 billion in 2015, with the remainder expected to generate revenue beyond 2015. For comparative purposes, as of September 30, 2012 and 2013, we had approximately \$0.5 billion and \$0.6 billion that we expected to generate revenue in the years ended December 31, 2013 and 2014, respectively. Backlog is not necessarily indicative of future financial performance because it will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several years, project change orders resulting in increases or decreases in project scope and cancellations.

We believe that backlog and net new business awards might not be consistent indicators of future revenue because they have been, and likely will be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and cancellations and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or delayed by regulatory authorities. Projects that have been delayed for less than twelve months remain in backlog, but the anticipated timing of the recognition of revenue is uncertain. We generally do not have a contractual right to the full amount of the revenue reflected in our backlog or net new business awards in the event of cancellation. If a customer cancels an award, we may be reimbursed for the costs we have incurred.

Fluctuations in our reported backlog and net new business award levels also result from the fact that we may receive a small number of relatively large orders in any given reporting period. Because of these large orders, our backlog and net new business awards in that reporting period might reach levels that are not sustained in subsequent reporting periods. As we increasingly compete for and enter into large contracts that are more global in nature, we expect the rate at which our backlog and net new business awards convert into revenue to decrease, or lengthen. See "Risk Factors Risks Related to Our Business Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue reflected in our backlog" for more information.

Table of Contents**Results of Operations***Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2014*

The following tables set forth amounts from our unaudited consolidated financial statements along with the percentage changes for the nine months ended September 30, 2013 and September 30, 2014 (dollars in thousands):

	<b>Nine Months Ended</b>			
	<b>September 30, 2013</b>	<b>September 30, 2014</b>	<b>Increase/ (Decrease)</b>	
Net service revenue	\$ 478,053	\$ 596,003	\$ 117,950	24.7%
Reimbursable out-of-pocket expenses	262,997	255,141	(7,856)	(3.0)%
<b>Total revenue</b>	<b>741,050</b>	<b>851,144</b>	<b>110,094</b>	<b>14.9%</b>
Direct costs	320,182	381,102	60,920	19.0%
Reimbursable out-of-pocket expenses	262,997	255,141	(7,856)	(3.0)%
Selling, general and administrative	83,699	104,332	20,633	24.7%
Restructuring and other costs	10,249	6,126	(4,123)	(40.2)%
Transaction expenses	324	2,042	1,718	530.2%
Impairment of goodwill and intangible assets		17,245	17,245	
Depreciation	13,934	16,628	2,694	19.3%
Amortization	29,488	23,337	(6,151)	(20.9)%
<b>Total operating expenses</b>	<b>720,873</b>	<b>805,953</b>	<b>85,080</b>	<b>11.8%</b>
<b>Income from operations</b>	<b>20,177</b>	<b>45,191</b>	<b>25,014</b>	<b>124.0%</b>
Total other expense, net	(45,794)	(35,450)	(10,344)	(22.6)%
<b>(Loss) income before provision for income taxes</b>	<b>(25,617)</b>	<b>9,741</b>	<b>35,358</b>	<b>138.0%</b>
Income tax (expense) benefit	(2,933)	16,569	19,502	664.9%
<b>Net income (loss)</b>	<b>\$ (28,550)</b>	<b>\$ 26,310</b>	<b>\$ 54,860</b>	<b>192.2%</b>

*Net Service Revenue and Reimbursable Out-of-Pocket Expenses*

Our total revenue is comprised of net service revenue and revenue from reimbursable out-of-pocket expenses. We earn net service revenue primarily for services performed under contracts for clinical trials, based upon a combination of milestones and output measures that are specific to the services performed and defined by the contract. Reimbursable out-of-pocket expenses consist primarily of principal investigator fees, travel and other costs reimbursed by our customers.

Engagements for Phase II to Phase IV clinical trials, which represent the majority of our net service revenue, are typically long duration contracts ranging from several months to several years. The contracts for these engagements typically cover the detailed scope of work, phases, milestones, billing schedules and processes for review of work and clinical results.

Contracts are individually priced and negotiated based on the anticipated level of effort required to complete the project, the complexity and performance risks, and the level of competition in the market. Contracts include change order provisions for managing the scope of work to

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be performed and billed under the contract. Project invoicing includes provisions for payment of our fees and reimbursement of our out-of-pocket expenses, which may include travel, other trial costs, and payments to third parties providing additional services. Our contracts may also provide for advance payment by our customers, depending upon the contract. Contracted work

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### Table of Contents

may be terminated by our customers, typically with a 30-day notice period. These contracts may also include provisions governing the services, and timing of those services, required to wind-down a trial in the event of cancellation.

For the nine months ended September 30, 2013 and September 30, 2014, total revenue was comprised of the following (dollars in thousands):

	Nine Months Ended			
	September 30, 2013	September 30, 2014		
Net service revenue	\$ 478,053	\$ 596,003	\$ 117,950	24.7%
Reimbursable out-of-pocket expenses	262,997	255,141	(7,856)	(3.0)%
<b>Total revenue</b>	<b>\$ 741,050</b>	<b>\$ 851,144</b>	<b>\$ 110,094</b>	<b>14.9%</b>

Net service revenue increased \$118.0 million, or 24.7%, from \$478.1 million for the nine months ended September 30, 2013 to \$596.0 million for the nine months ended September 30, 2014. The increase during the nine months ended September 30, 2014 is primarily driven by strong awards during the second half of 2013 and the first quarter of 2014 and higher contract change order activity relative to historical levels. The growth in our revenue in 2014 was particularly strong in the CNS and Oncology therapeutic areas and with a strategic FSP (Functional Service Provider) customer. In addition, our 2014 year-to-date change order activity was significantly higher than our historical average, resulting in revenue growth of approximately \$6.0 million to \$12.0 million in the first nine months of 2014.

Reimbursable out-of-pocket expenses decreased 3.0%, or \$7.9 million, from \$263.0 million for the nine months ended September 30, 2013 to \$255.1 million for the nine months ended September 30, 2014. Reimbursable out-of-pocket expenses fluctuate significantly from period to period based on the timing of program initiation or closeout and the mix of program complexity and do not necessarily change in correlation to net service revenues. The reimbursements are offset by an equal amount of indirect costs.

Net service revenue from our top five customers accounted for approximately 35% and 37% of total net service revenue for the nine months ended September 30, 2013 and 2014, respectively.

Various subsidiaries of Otsuka Holdings Co., Ltd. accounted for 15% and 14% of total net service revenue for the nine months ended September 30, 2013 and 2014, respectively. Various subsidiaries of Astellas Pharma, Inc. accounted for 12% of net service revenue for the nine months ended September 30, 2014.

### *Direct Costs and Reimbursable Out-of-pocket Expenses*

Our direct costs consist primarily of direct labor and employee benefits, facility costs associated with these personnel and other costs directly related to contract performance. Direct costs as a percentage of net service revenue can vary from period to period due to fluctuations in staff utilization created by our management of our workforce and adjustments to the timing of work and revenue recognition on specific customer contracts, the experience mix of personnel assigned to projects, and the service mix and pricing of our contracts. In addition, as global projects wind down or as delays and cancellations occur, staffing levels in certain countries or functional areas can become misaligned with the current business volume as the mix of countries and services vary from study to study and by therapeutic area. Reimbursable out-of-pocket expenses consist primarily of principal investigator fees, travel and other costs reimbursed by our customers.



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### Table of Contents

For the nine months ended September 30, 2013 and September 30, 2014, direct costs and reimbursable out-of-pocket expenses were as follows (dollars in thousands):

	Nine Months Ended		Increase/ (Decrease)	
	September 30, 2013	September 30, 2014		
Direct costs	\$ 320,182	\$ 381,102	\$ 60,920	19.0%
Reimbursable out-of-pocket expenses	262,997	255,141	(7,856)	(3.0)%
<b>Total direct costs and reimbursable out-of-pocket expenses</b>	<b>\$ 583,179</b>	<b>\$ 636,243</b>	<b>\$ 53,064</b>	<b>9.1%</b>

The following is a summary of the year-over-year fluctuation in direct costs during the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2014 (in thousands):

Increase (decrease) in:	Nine Months Ended	
	September 30, 2013 to 2014	
Salaries, benefits, and incentive compensation	\$	54,382
Other		6,538
<b>Total</b>	<b>\$</b>	<b>60,920</b>

Direct costs increased by \$60.9 million, or 19.0%, from \$320.2 million for the nine months ended September 30, 2013 to \$381.1 million for the nine months ended September 30, 2014. This increase in salaries, benefits and incentive compensation is primarily due to higher compensation expense and contract labor costs associated with additional headcount in line with our increased revenues, and an increase in incentive compensation as a result of our improved financial performance. Other costs increased primarily due to charges for VAT that cannot be recovered from customers due to changes in tax regulations related to certain foreign operations of \$4.4 million.

Reimbursable out-of-pocket expenses decreased by 3.0%, or \$7.9 million, from \$263.0 million for the nine months ended September 30, 2013 to \$255.1 million for the nine months ended September 30, 2014. Reimbursable out-of-pocket expenses fluctuate significantly from period to period based on the timing of program initiation or closeout and the mix of program complexity.

### *Selling, General and Administrative*

Our selling, general, and administrative expenses consist primarily of compensation and benefits, facilities costs associated with these personnel, advertising, professional fees (e.g., legal and accounting expenses), travel and other operating expenses. For the nine months ended September 30, 2013 and September 30, 2014, selling, general and administrative expenses were as follows (dollars in thousands):

	Nine Months Ended		Increase/ (Decrease)	
	September 30, 2013	September 30, 2014		
Selling, general and administrative	\$ 83,699	\$ 104,332	\$ 20,633	24.7%
Percent of net service revenue	17.5%	17.5%		

Table of Contents

The following is a summary of the year-over-year fluctuation in our selling, general and administrative expenses during the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2014 (in thousands):

	<b>Nine Months Ended September 30, 2013 to 2014</b>	
<b>Increase (decrease) in:</b>		
Salaries, benefits, and incentive compensation	\$	11,766
Professional services		2,478
Allowance for doubtful accounts		3,268
Facility related costs		2,121
Travel		873
Other		127
Total	\$	20,633

Selling, general and administrative expenses increased by \$20.6 million, or 24.7%, from \$83.7 million for the nine months ended September 30, 2013 to \$104.3 million for the nine months ended September 30, 2014. The increases for the nine months ended September 30, 2014 were driven by (i) an increase in salaries, benefits, and incentive compensation from increased headcount and incentive compensation resulting from our growth in new business awards and operational performance, (ii) an increase in professional fees as a result of our preparation for this offering, including costs associated with internal control documentation and the review of our quarterly results, (iii) an increase in allowance for doubtful accounts, (iv) an increase in facility-related cost to support our headcount growth and (v) an increase in travel costs as a result of increased headcount.

As a result of our cost savings initiatives and our ability to leverage the selling, general and administrative functions as we grow revenue, these expenses as a percentage of net service revenue remained constant at 17.5% for the nine months ended September 30, 2014 and 2013 despite increased cost related to our preparation for this offering and increases in our allowance for doubtful accounts.

*Restructuring and Other Costs*

Restructuring and other costs were \$6.1 million for the nine months ended September 30, 2014, primarily consisting of facilities closure expenses and to a lesser extent, severance costs. In the second quarter of 2014, we initiated restructuring activities related to the closure of our Glasgow facility and partial closure of our Cincinnati facility. We incurred \$4.7 million of severance costs and facility closure expenses in the nine months ended September 30, 2014 with respect to this activity.

Restructuring and other costs were \$10.2 million for the nine months ended September 30, 2013, primarily consisting of severance costs and IT and other professional fees. During 2013, we adopted a plan to better align headcount and costs with the current geographic sources and mix of revenue resulting in a reduction of approximately 325 employee and contract positions.

*Transaction expenses*

Transaction expenses were \$2.0 million for the nine months ended September 30, 2014 and consisted of \$1.7 million of third party fees associated with the debt refinancing and \$0.3 million of legal fees associated with the MEK Consulting acquisition, a full service CRO with operations in the Middle East that we acquired for \$6.0 million in March 2014. For the nine months ended September 30, 2013, transaction expenses were \$0.3 million of legal fees associated with debt refinancing and expenses for acquisition-related activities.

Table of Contents*Impairment of Goodwill and Intangible Assets*

During the second quarter of 2014, we determined that Phase I Services and Global Consulting reporting units were not performing according to management's expectations, requiring an evaluation of the impairment of the goodwill and intangible assets. As a result of this evaluation, we recorded a \$9.2 million impairment of goodwill and an \$8.0 million impairment of intangible assets associated with our Phase I Services and Global Consulting reporting units.

*Depreciation and Amortization*

Depreciation expense increased by \$2.7 million, or 19.3%, for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013, primarily due to (i) our continued investment in our IT infrastructure, and (ii) the reduction in the estimated useful lives on several assets during the first quarter of 2014 due to the consolidation of data centers and information systems.

Amortization expense decreased by \$6.2 million, or 20.9%, for the nine months ended September 30, 2014, compared to the nine months ended September 30, 2013. The decrease in amortization expense is primarily due to certain intangible assets becoming fully amortized, partially offset by the increase in amortization expense as a result of the reduction of estimated useful lives of certain intangible assets in the second quarter of 2014.

*Other Expense, Net*

For the nine months ended September 30, 2013 and September 30, 2014, other income and expenses were as follows (dollars in thousands):

	<b>Nine Months Ended September 30,</b>		<b>Increase/ (Decrease)</b>	
	<b>2013</b>	<b>2014</b>		
Interest income	\$ 127	\$ 226	\$ 99	78.0%
Interest expense	(44,485)	(41,853)	(2,632)	(5.9)%
Other, net	(1,436)	6,177	(7,613)	(530.2)%
 Total other expense, net	 \$ (45,794)	 \$ (35,450)	 \$ (10,344)	 (22.6)%

Other expense, net, decreased from \$45.8 million for the nine months ended September 30, 2013 to \$35.5 million for the nine months ended September 30, 2014. The decrease was primarily driven by a \$7.6 million decrease in other expenses primarily due to foreign currency gains in 2014 versus losses in 2013, and a \$2.6 million decrease in interest expense due to lower interest rates in 2014.

*Income Tax (Expense) Benefit*

Income tax (expense) benefit was a benefit of \$16.6 million for the nine months ended September 30, 2014, compared to an expense of \$2.9 million for the nine months ended September 30, 2013. Income taxes for the nine months ended September 30, 2014 were impacted by a \$23.1 million discrete income tax benefit recognized as a result of the release of the valuation allowance on certain foreign tax credits. During the second quarter of 2014, management concluded that it was more likely than not that a portion of our deferred tax assets will be realized through future taxable income. This conclusion was based, in part, on our achieving sustained profitability in 2014 in these international jurisdictions and projections of positive future earnings. Therefore, we released a significant portion of the valuation allowances related to these deferred tax assets in the second quarter of 2014.

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### Table of Contents

Other variances from the statutory rate of 35% were due to (i) income or losses generated in jurisdictions where no income tax expense or benefit will be realized due to a full valuation allowance on the associated deferred tax assets, (ii) recognition of certain foreign related unrecognized tax benefits and (iii) the geographical split of pre-tax income.

### *Net Income (Loss)*

Net income (loss) increased to \$26.3 million of net income for the nine months ended September 30, 2014, from a net loss of \$28.6 million for the nine months ended September 30, 2013 for the reasons discussed above, in particular, the impact of increased services revenue, the overall decrease of operating expenses as a percentage of net service revenue and the income tax benefit from the release of a valuation allowance of \$23.1 million recorded during the first nine months of 2014.

### *Year Ended December 31, 2013 Compared to the Years Ended December 31, 2012 and 2011*

The following table sets forth amounts from our consolidated financial statements along with the percentage change for years ended December 31, 2011, 2012 and 2013 (dollars in thousands):

	For the Years Ended December 31,			Increase / (Decrease)			
	2011	2012	2013	2011 to 2012	2012 to 2013		
Net service revenue	\$ 437,005	\$ 579,145	\$ 652,418	\$ 142,140	32.5%	\$ 73,273	12.7%
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	70,474	32.2%	53,217	18.4%
<b>Total revenue</b>	<b>655,986</b>	<b>868,600</b>	<b>995,090</b>	<b>212,614</b>	<b>32.4%</b>	<b>126,490</b>	<b>14.6%</b>
Costs and expenses:							
Direct costs	279,840	389,056	432,261	109,216	39.0%	43,205	11.1%
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	70,474	32.2%	53,217	18.4%
Selling, general and administrative	95,063	109,428	117,890	14,365	15.1%	8,462	7.7%
Restructuring and other costs	27,839	35,380	11,828	7,541	27.1%	(23,552)	(66.6)%
Transaction expenses	10,322		508	(10,322)	(100)%	508	
Goodwill impairment		4,000		4,000		(4,000)	(100)%
Depreciation and amortization	64,136	78,811	58,473	14,675	22.9%	(20,338)	(25.8)%
<b>Total operating expenses</b>	<b>696,181</b>	<b>906,130</b>	<b>963,632</b>	<b>209,949</b>	<b>30.2%</b>	<b>57,502</b>	<b>6.3%</b>
<b>Income (loss) from operations</b>	<b>(40,195)</b>	<b>(37,530)</b>	<b>31,458</b>	<b>2,665</b>	<b>6.6%</b>	<b>68,988</b>	<b>183.8%</b>
Other expense, net	(53,963)	(57,328)	(62,138)	3,365	6.2%	4,810	8.4%
<b>Loss before provision for income taxes</b>	<b>(94,158)</b>	<b>(94,858)</b>	<b>(30,680)</b>	<b>(700)</b>	<b>(0.7)%</b>	<b>64,178</b>	<b>67.7%</b>
Income tax (expense) benefit	34,611	35,744	(10,849)	1,133	3.3%	(46,593)	(130.4)%
<b>Net loss</b>	<b>\$ (59,547)</b>	<b>\$ (59,114)</b>	<b>\$ (41,529)</b>	<b>\$ (433)</b>	<b>(0.7)%</b>	<b>\$ (17,585)</b>	<b>(29.7)%</b>

*Net Service Revenue and Reimbursable Out-of-Pocket Expenses*

For the years ended December 31, 2011, 2012 and 2013, total revenue was comprised of the following (dollars in thousands):

	For the Years Ended December 31,			Increase / (Decrease)			
	2011	2012	2013	2011 to 2012		2012 to 2013	
Net service revenue	\$ 437,005	\$ 579,145	\$ 652,418	\$ 142,140	32.5%	\$ 73,273	12.7%
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	70,474	32.2%	53,217	18.4%
<b>Total revenue</b>	<b>\$ 655,986</b>	<b>\$ 868,600</b>	<b>\$ 995,090</b>	<b>\$ 212,614</b>	<b>32.4%</b>	<b>\$ 126,490</b>	<b>14.6%</b>

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### Table of Contents

Net service revenue increased \$73.3 million, or 12.7%, to \$652.4 million for the year ended December 31, 2013 from \$579.1 million for the year ended December 31, 2012. This increase is primarily driven by the strength of new business awards, particularly in the third and fourth quarters of 2013.

Net service revenue increased \$142.1 million, or 32.5%, to \$579.1 million for the year ended December 31, 2012 from \$437.0 million for the year ended December 31, 2011. This increase is principally attributable to the additional revenue from the Acquired Businesses. During the pre-acquisition period of 2011, the Acquired Businesses had revenue of \$172.0 million.

Reimbursable out-of-pocket expenses increased 18.4% to \$342.7 million for the year ended December 31, 2013, compared to \$289.5 million for the year ended December 31, 2012. This increase of \$53.2 million is principally due to an overall increase in net service revenue, as well as an increase in the number of studies in which we procured principal investigator services. These reimbursements are offset by an equal amount in direct costs and, accordingly, have no impact on gross margin.

Reimbursable out-of-pocket expenses increased 32.2% to \$289.5 million for the year ended December 31, 2012, compared to \$219.0 million for the year ended December 31, 2011. Reimbursable out-of-pocket expenses fluctuate significantly from period to period based on the timing of program initiation or closeout and the mix of program complexity and do not necessarily change in correlation to net service revenues. These reimbursements are offset by an equal amount in direct costs and, accordingly, have no impact on gross margin.

Net service revenue from our top five customers accounted for approximately 26%, 26% and 34% of total net service revenue for the years ended December 31, 2011, 2012, and 2013, respectively. Various subsidiaries of Otsuka Holdings Co., Ltd. accounted for approximately 12%, 12% and 15% of total net service revenue for the years ended December 31, 2011, 2012, and 2013, respectively.

### *Direct Costs and Reimbursable Out-of-Pocket Expenses*

For the years ended December 31, 2011, 2012 and 2013, direct costs and reimbursable out-of-pocket expenses were as follows (dollars in thousands):

	For the Years Ended December 31,			Increase / (Decrease)			
	2011	2012	2013	2011 to 2012		2012 to 2013	
Direct costs	\$ 279,840	\$ 389,056	\$ 432,261	\$ 109,216	39.0%	\$ 43,205	11.1%
Reimbursable out-of-pocket expenses	218,981	289,455	342,672	70,474	32.2%	53,217	18.4%
<b>Total Direct costs and Reimbursable out-of-pocket expenses</b>	<b>\$ 498,821</b>	<b>\$ 678,511</b>	<b>\$ 774,933</b>	<b>\$ 179,690</b>	<b>36.0%</b>	<b>\$ 96,422</b>	<b>14.2%</b>

Direct costs increased by \$43.2 million, or 11.1%, to \$432.3 million for the year ended December 31, 2013 from \$389.1 million for the year ended December 31, 2012. This increase is primarily due to \$38.4 million higher compensation, benefits and incentive compensation expense and contract labor costs associated with additional headcount in line with our increased revenues and operational performance.

Direct costs increased by \$109.2 million, or 39.0%, to \$389.1 million for the year ended December 31, 2012 from \$279.8 million the year ended December 31, 2011. This increase is primarily attributable to the increase in direct costs from the personnel, facilities and other expenses associated with the Acquired Businesses.

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### Table of Contents

Reimbursable out-of-pocket expenses increased 18.4% to \$342.7 million for the year ended December 31, 2013 compared to the year ended December 31, 2012 and 32.2% to \$289.5 million for the year ended December 31, 2012, compared to the year ended December 31, 2011. Reimbursable out-of-pocket expenses fluctuate significantly from period to period based on the timing of program initiation or closeout and the mix of program complexity and do not necessarily change in correlation to net service revenues.

### *Selling, General and Administrative*

For the years ended December 31, 2011, 2012 and 2013, selling, general and administrative expenses were as follows (dollars in thousands):

	<b>For the Years Ended December 31,</b>			<b>Increase / (Decrease)</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2011 to 2012</b>	<b>2012 to 2013</b>		
Selling, general and administrative	\$ 95,063	\$ 109,428	\$ 117,890	\$ 14,365	15.1%	\$ 8,462	7.7%
Percentage of net service revenue	21.8%	18.9%	18.1%				

Selling, general and administrative expenses for the year ended December 31, 2013 were \$117.9 million, compared to \$109.4 million for the year ended December 31, 2012. The increase of \$8.5 million, or 7.7%, was primarily driven by an increase in business development expense in line with the increase in net new business awards and revenue, marketing expense associated with our new branding campaign and incentive compensation expense due to improved company performance as discussed above.

Selling, general and administrative expenses for the year ended December 31, 2012 were \$109.4 million, compared to \$95.1 million for the year ended December 31, 2011. This increase of \$14.4 million or 15.1% was primarily due to the additional personnel and infrastructure costs associated with the Acquired Businesses.

As a result of our cost savings initiatives and our ability to leverage the selling, general and administrative functions as we have grown revenue, these expenses as a percentage of net service revenue declined from 21.8% to 18.9% and 18.1% for years ended December 31, 2011, 2012 and 2013, respectively.

### *Restructuring and Other Costs*

Restructuring and other costs were \$11.8 million for the year ended December 31, 2013, primarily comprised of severance costs of \$7.9 million and lease costs of \$1.8 million for abandoned facilities related to the 2013 restructuring plan. This plan was adopted to better align headcount and costs with our current geographic sources and mix of revenue and included a reduction of approximately 325 employee and contract positions. Restructuring and other costs also include \$2.1 million in legal fees and consulting fees, primarily incurred in connection with legal entity restructuring related to the Kendle Acquisition.

Restructuring and other costs were \$35.4 million for the year ended December 31, 2012, primarily comprised of \$13.9 million in lease obligation and termination costs in connection with the abandonment and closure of redundant facilities and \$13.3 million in severance costs. Restructuring costs also include IT and other professional fees of \$8.2 million.

Restructuring and other costs for the year ended December 31, 2011 were \$27.8 million, primarily comprised of costs associated with the cancellation of employment agreements and additional severance totaling \$19.1 million and IT and other professional fees of \$8.7 million. These

Table of Contents

restructuring costs are primarily attributable to our integration of Kendle and also include costs related to our other restructuring initiatives undertaken during 2011.

*Transaction Expenses*

Transaction expenses were \$0.5 million for the year ended December 31, 2013, primarily consisting of third-party fees associated with the debt refinancing and legal fees associated with the MEK Consulting acquisition. Transaction expenses of \$10.3 million were incurred for the year ended December 31, 2011 and were primarily comprised of legal fees, accounting fees and the noncapitalizable portion of bank fees related to the Kendle Acquisition.

*Goodwill Impairment*

During the year ended December 31, 2012, we determined that the fair value of one of our reporting units, Phase I Services, did not exceed the carrying value resulting in a \$4.0 million impairment of goodwill. This impairment arose from the reduced scope of our Phase I Services reporting unit as we closed our Morgantown, West Virginia location in June 2012. We evaluate goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. We perform our annual impairment test by estimating the fair value of each reporting unit using a combination of the income and market approaches for purposes of estimating our total fair value of the reporting unit.

*Depreciation and Amortization*

Depreciation and amortization expense decreased to \$58.5 million for the year ended December 31, 2013 from \$78.8 million for the year ended December 31, 2012. The decrease is principally due to the full amortization of certain acquisition-related intangible assets.

Depreciation and amortization expense increased to \$78.8 million for the year ended December 31, 2012 from \$64.1 million for the year ended December 31, 2011. This increase is principally due to the amortization of intangible assets resulting from the purchase price allocation in connection with the Kendle Acquisition on July 12, 2011 and the Trident Acquisition on June 1, 2011. We allocated the purchase price for each transaction to identifiable intangible assets, including backlog, customer relationships, and technologies, which are being amortized on a straight line basis over periods ranging from two to twelve years. A portion of the purchase price was also allocated to property and equipment, and is being depreciated over the remaining useful lives.

*Other Expense, Net*

For the years ended December 31, 2011, 2012 and 2013, other income and expenses were as follows (dollars in thousands):

	For the Years Ended			Increase / (Decrease)			
	December 31,			2011 to 2012		2012 to 2013	
	2011	2012	2013	2011 to 2012		2012 to 2013	
Interest income	\$ 151	\$ 239	\$ 310	\$ 88	58.3%	\$ 71	29.7%
Interest expense	(65,633)	(62,246)	(60,799)	(3,387)	(5.2)%	(1,447)	(2.3)%
Other income							
(expense), net	11,519	4,679	(1,649)	(6,840)	(59.4)%	(6,328)	(135.2)%
Total other expense	\$ (53,963)	\$ (57,328)	\$ (62,138)	\$ 3,365	6.2%	\$ 4,810	8.4%

Total other expense increased from \$57.3 million for the year ended December 31, 2012 to \$62.1 million for the year ended December 31, 2013. The increase was primarily driven by a \$6.3 million increase in other expense due to change in foreign currency losses of \$3.0 million and



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### Table of Contents

a \$2.7 million gain recorded in 2012 with respect to the GVK Acquisition. This increase was partially offset by a \$1.4 million decrease in interest expense resulting from the reduction in the interest rate on our term loan in February 2013 from Amendment No. 1 to our 2011 Credit Agreement.

Total other expense increased to \$57.3 million for the year ended December 31, 2012 from \$54.0 million for the year ended December 31, 2011, driven by a \$6.8 million decrease in other income, partially offset by a \$3.4 million decrease in interest expense.

Other income decreased by \$6.8 million due to foreign currency fluctuations primarily due to lower gains resulting from changes in rates used to settle foreign currency transactions, as well as to re-measure monetary asset and liability balances that are not in local currency. This decrease was partially offset by a \$2.7 million gain on the GVK Acquisition.

Interest expense decreased by \$3.4 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011. In 2011, interest expense included \$11.1 million of prepayment penalties and the write off of \$8.9 million in deferred financing costs resulting from refinancing of our outstanding debt on July 12, 2011 concurrent with the Kendle Acquisition. This decrease was partially offset by the \$16.5 million increase in interest expense for the year ended December 31, 2012 due to the larger debt balance and higher interest rate.

### *Income Tax (Expense) Benefit*

Income tax expense was \$10.8 million for the year ended December 31, 2013, compared to a benefit of \$35.7 million for the year ended December 31, 2012.

The effective tax rate for the year ended December 31, 2013 was (35.4)% compared to 37.7% for the year ended December 31, 2012. The change in our effective tax rate between 2013 and 2012 is primarily due to an increase in the valuation allowance on U.S. deferred tax assets and U.S. taxes provided on foreign earnings deemed not to be permanently reinvested outside the United States. Management's evaluation of available positive and negative evidence resulted in a judgment that the realization of the tax benefits for U.S. deferred tax assets did not meet the "more likely than not" standard and therefore a valuation allowance was recorded. Earnings of our foreign subsidiaries will be subject to income taxation in the United States for income tax purposes when repatriated. However, for financial reporting purposes, income taxes on a portion of these earnings were provided as though they have currently been repatriated, as these earnings have been deemed to be not indefinitely reinvested outside the United States during the year ended December 31, 2013.

Income taxes were a benefit of \$35.7 million for the year ended December 31, 2012, compared to \$34.6 million for the year ended December 31, 2011.

The effective tax rate for the year ended December 31, 2012 was 37.7% compared to 36.8% for the year ended December 31, 2011. The increase in our effective tax rate was primarily due to foreign deemed dividends and the capitalization of transaction expenses for income tax purposes.

### *Net Loss*

Net loss decreased to \$41.5 million from \$59.1 million and \$59.5 million for the years ended December 31, 2013, 2012 and 2011, respectively for the reasons discussed above, in particular the impact of increased service revenue along with the overall decrease of indirect expenses as a percentage of net service revenue.

Table of Contents**Quarterly Results of Operations**

The following tables set forth selected unaudited quarterly statements of operations data for our last eleven completed fiscal quarters. The information for each of these quarters has been prepared on the same basis as the consolidated financial statements appearing elsewhere in this prospectus and in the opinion of management, includes all adjustments necessary for their fair presentation of the results of operations for these periods. The quarterly results of operations presented should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this prospectus, and are not necessarily indicative of our operating results for any future period.

	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014
	(in thousands, except per share amounts)										
Service revenue	\$ 141,607	\$ 141,981	\$ 143,443	\$ 152,114	\$ 149,743	\$ 159,202	\$ 169,108	\$ 174,365	\$ 184,700	\$ 203,540	\$ 203,540
Recurring revenue											
Non-recurring revenue											
Service costs	67,543	76,384	68,154	77,374	78,226	95,206	89,565	79,675	82,077	82,203	95,206
Operating income	209,150	218,365	211,597	229,488	227,969	254,408	258,673	254,040	266,777	285,743	298,334
Operating expenses	95,689	96,370	97,153	99,845	104,768	106,497	108,917	112,080	120,764	130,781	122,834
Operating income	67,543	76,384	68,154	77,374	78,226	95,206	89,565	79,675	82,077	82,203	95,206
Research, general and administrative	30,718	27,150	26,713	24,846	27,603	28,553	27,543	34,190	32,185	33,962	33,962
Manufacturing and distribution	12,892	6,759	9,542	6,187	2,368	4,778	3,104	1,578	758	2,417	2,417
Goodwill and intangible assets				4,000						17,245	
Depreciation and amortization					354		(30)	184	2,042		
Provision for doubtful accounts	5,486	5,143	4,876	4,410	4,446	4,758	4,730	5,241	6,869	5,025	5,025
Impairment of equity investments	15,180	14,819	14,452	14,445	9,834	9,830	9,823	9,811	7,502	6,238	6,238
Operating income	227,508	226,625	220,890	231,107	227,599	249,622	243,652	242,759	252,197	277,871	277,871
Income from operations	(18,358)	(8,260)	(9,293)	(1,619)	370	4,786	15,021	11,281	14,580	7,872	2,417
Income (expense), net:											
Operating income	43	29	21	146	52	53	22	183	182	18	18
Operating expense	(15,475)	(15,726)	(15,559)	(15,486)	(14,869)	(14,825)	(14,791)	(16,314)	(16,083)	(12,841)	(12,841)
Operating income	3,532	(1,769)	3,197	(281)	(1,035)	(30)	(371)	(213)	1,378	(337)	(337)
Other expense, net	(11,900)	(17,466)	(12,341)	(15,621)	(15,852)	(14,802)	(15,140)	(16,344)	(14,523)	(13,160)	(13,160)

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Income (loss) before provision for income taxes	(30,258)	(25,726)	(21,634)	(17,240)	(15,482)	(10,016)	(119)	(5,063)	57	(5,288)	1
Income tax expense (benefit)	10,591	11,934	9,898	3,321	(1,264)	(618)	(1,051)	(7,916)	(1,609)	20,595	(
Income (loss)	(19,667)	(13,792)	(11,736)	(13,919)	(16,746)	(10,634)	(1,170)	(12,979)	(1,552)	15,307	1
Dividends on common stock	125	125	125	125	125	125	125	125	125	125	
Income (loss) available to common stockholders	\$ (19,792)	\$ (13,917)	\$ (11,861)	\$ (14,044)	\$ (16,871)	\$ (10,759)	\$ (1,295)	\$ (13,104)	\$ (1,677)	\$ 15,182	\$ 1
Income (loss) per share:											
Class A	\$ (0.38)	\$ (0.27)	\$ (0.23)	\$ (0.27)	\$ (0.32)	\$ (0.21)	\$ (0.02)	\$ (0.25)	\$ (0.03)	\$ 0.29	\$
Weighted average common shares outstanding	(0.38)	(0.27)	(0.23)	(0.27)	(0.32)	(0.21)	(0.02)	(0.25)	(0.03)	0.29	
Weighted average common shares outstanding	52,253	52,265	52,265	52,029	52,008	52,038	52,017	51,973	51,897	51,898	5
Weighted average common shares outstanding	52,253	52,265	52,265	52,029	52,008	52,038	52,017	51,973	51,897	52,185	5

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Table of Contents

The following tables present the reconciliation of Net income (loss) to EBITDA, Adjusted EBITDA, and Adjusted Net Income:

	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014
	(in thousands)									
<b>EBITDA:</b>										
Reported	\$ (19,667)	\$ (13,792)	\$ (11,736)	\$ (13,919)	\$ (16,746)	\$ (10,634)	\$ (1,170)	\$ (12,979)	\$ (1,552)	\$ (1,552)
	15,432	15,697	15,538	15,340	14,817	14,772	14,769	16,131	15,901	15,901
Expense	(10,591)	(11,934)	(9,898)	(3,321)	1,264	618	1,051	7,916	1,609	(1,609)
	5,486	5,143	4,876	4,410	4,446	4,758	4,730	5,241	6,869	6,869
	15,180	14,819	14,452	14,445	9,834	9,830	9,823	9,811	7,502	7,502
	5,840	9,933	13,232	16,955	13,615	19,344	29,203	26,120	30,329	30,329
	(1,155)	1,769	(3,197)	639	1,035	30	175	213	(1,378)	(1,378)
Costs	12,892	6,759	9,542	6,187	2,368	4,778	3,104	1,578	758	758
Amortization	276	349	252	371	355	364	134	1,566	531	531
Depreciation	673	550	357	287	153	99			153	153
Goodwill impairment					275		(30)		1,763	1,763
Other non-recurring					79			185	279	279
Provision for doubtful accounts	138	155	154	143	137	142	125	178	142	142
Change in fair value of investments	(2,377)			(358)			196			
Change in fair value of other assets				4,000						
	\$ 16,287	\$ 19,515	\$ 20,340	\$ 28,224	\$ 18,017	\$ 24,757	\$ 32,907	\$ 29,840	\$ 32,577	\$ 32,577
<b>Adjusted EBITDA:</b>										
Reported	\$ (19,667)	\$ (13,792)	\$ (11,736)	\$ (13,919)	\$ (16,746)	\$ (10,634)	\$ (1,170)	\$ (12,979)	\$ (1,552)	\$ (1,552)
	15,180	14,819	14,452	14,445	9,834	9,830	9,823	9,811	7,502	7,502
	12,892	6,759	9,542	6,187	2,368	4,778	3,104	1,578	758	758
	276	349	252	371	355	364	134	1,566	531	531
	673	550	357	287	153	99			153	153
					275		(30)		1,763	1,763
					79			185	279	279
	138	155	154	143	137	142	125	178	142	142
	(2,377)			(358)			196			

Assets				4,000						
Normalized	(9,374)(f)	(10,507)(f)	(11,102)(f)	(6,414)(f)	2,108(e)	(1,305)(e)	(3,845)(e)	4,862(e)	(2,529)(e)	(
Income	\$ (2,259)	\$ (1,667)	\$ 1,919	\$ 4,742	\$ (1,437)	\$ 3,274	\$ 8,337	\$ 5,201	\$ 7,047	\$
Loss)	\$ (0.04)	\$ (0.03)	\$ 0.04	\$ 0.09	\$ (0.03)	\$ 0.06	\$ 0.16	\$ 0.10	\$ 0.14	\$
Ending	52,253	52,265	52,309	52,085	52,008	52,078	52,044	52,003	51,947	

- (a) Consists of contingent consideration expense incurred as a result of acquisitions and accounted for as compensation expense under GAAP. See Note 3 to our consolidated financial statements included elsewhere in this prospectus.
- (b) Represents fees associated with the debt placement and refinancing.
- (c) Represents costs incurred in connection with business combinations and potential acquisitions, including fees paid to Avista in 2011 in connection with the Kendle Acquisition.
- (d) Monitoring and advisory fees are paid to affiliates of Avista, which will terminate upon completion of this offering, as well as reimbursements of expenses paid to Avista and Teachers pursuant to the Expense Reimbursement Agreement.
- (e) The effective tax rate has been adjusted to reflect the removal of the tax impact of our valuation allowances recorded against our deferred tax assets and changes in the assertion to permanently reinvest the undistributed earnings of foreign subsidiaries. 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 which are not indicative of our underlying financial performance. Specifically, the majority of our revenue in 2013 was generated in jurisdictions in which we recognized no tax expense or benefit due to changes in this valuation allowance. Further, we have historically recorded a valuation allowance against certain foreign tax losses, however, in the second quarter of 2014 the valuation allowance in one of our jurisdictions was reversed creating a significant tax benefit of \$23.1 million, which we also do not believe is indicative of our ongoing operations. The adjustment is based on utilizing a 37% overall effective tax rate.

The effective tax rate has also been adjusted to reflect the tax adjustments for the estimated tax impact of the non-operating non-GAAP adjustments used to arrive at Adjusted Net Income (Loss), using the estimated

effective tax rate of 37%.

(f)

Adjustment for the tax effect of the non-GAAP adjustments made to arrive at Adjusted Net Income (Loss) using the effective tax rate for the period.

Table of Contents**Liquidity and Capital Resources**

Key measures of our liquidity are as follows (dollars in thousands):

	December 31, 2012	December 31, 2013	September 30, 2014
<b>Balance sheet statistics:</b>			
Cash and cash equivalents	\$ 81,363	\$ 96,972	\$ 185,803
Restricted cash	1,051	569	539
Working capital	43,032	57,605	96,865

We fund our operations and growth, including acquisitions, primarily with our working capital, cash flow from operations as well as funds available for borrowing under our \$75.0 million revolving credit facility. Our principal liquidity requirements are to fund our debt service obligations, capital expenditures, expansion of services, possible acquisitions, integration and restructuring costs, geographic expansion, working capital and other general corporate purposes.

On July 12, 2011, we entered into our \$375.0 million 2011 Credit Agreement, with a syndicate of banks, financial institutions and other entities, or the Lenders. The 2011 Credit Agreement was originally comprised of a \$300.0 million term loan, a \$75.0 million revolving facility and letter of credit and swing line facilities. All obligations under the 2011 Credit Agreement are guaranteed by INC Intermediate and certain of INC's direct and indirect wholly-owned domestic subsidiaries. The obligations under the 2011 Credit Agreement are secured by substantially all of the assets of INC and the guarantors. In February 2013 and February 2014, we entered into Amendment No. 1 and Amendment No. 2, respectively. These amendments provided for reductions in the applicable margins under the revolving facility to 3.25% for Eurodollar loans, to 2.25% for base rate loans and reduced the applicable margins under the term loan facility to 3.25% for Eurodollar loans and to 2.25% for base rate loans and reduced the LIBOR floor under the term loan facility from 1.25% to 1.0%. In addition, the financial maintenance covenant was amended to be applicable only to the revolving facility and so long as the sum of revolving loans, swing line loans and letters of credit (other than letters of credit that are cash collateralized), outstanding as of the last day of any four-fiscal quarter period, is greater than 25% of the revolving commitments. The new covenant, when applicable, requires us to maintain a secured leverage ratio of 4.0 to 1.0. We are permitted to add a receivables securitization facility of \$100.0 million and have a prepayment premium of 1% applicable to any prepayment of term loans that is made in connection with a re-pricing transaction that occurs on or prior to August 19, 2014.

On July 12, 2011, INC issued \$300.0 million aggregate principal amount of its Notes due July 15, 2019. The Notes are unsecured and rank equally in right of payment with all of INC's existing and future senior debt. The Notes are guaranteed by INC Intermediate and certain of INC's direct and indirect wholly-owned domestic subsidiaries and the obligations of such guarantors under their guarantees are equal in right of payment to all of their existing and future senior debt. The Notes bear interest at a rate of 11.5% per annum, payable semi-annually in arrears on July 15 and January 15 of each year until July 15, 2019. The Notes are non-callable for the first four years.

As of September 30, 2014, we had total principal amount of indebtedness (including capital leases) of approximately \$589.0 million. Further, we have undrawn commitments available for additional borrowings under our senior secured facilities of \$74.1 million (net of \$0.9 million in outstanding letters of credit as of September 30, 2014) which we may use for working capital and other purposes. The issuance of additional debt and the related incremental interest expense could adversely affect our operations and financial condition or limit our ability to secure additional capital and other resources.

Table of Contents

Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility pursuant to an Amended and Restated Credit Agreement. We intend to use the proceeds of the \$134.0 million of additional term loan borrowings, along with the proceeds of this offering and, assuming an initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, \$73.1 million of cash on hand to redeem all of our outstanding Notes and pay any redemption premiums, make-whole interest and related fees and expenses. See "Description of Material Indebtedness."

Our ability to make payments on our indebtedness and to fund planned capital expenditures and necessary working capital will depend on our ability to generate cash in the future. Management believes that cash on hand, cash flows from operations and funds available under the revolving credit facility will be sufficient to meet our working capital and other currently anticipated cash needs, scheduled debt and interest payments and income tax obligations. Our ability to meet our cash needs through cash flows from operations will depend on the demand for our services, as well as general economic, financial, competitive and other factors, many of which are beyond our control. Our business might not generate cash flow in an amount sufficient to enable us to pay the principal of, or interest on, our indebtedness, or to fund our other liquidity needs, including working capital, capital expenditures, acquisitions, investments and other general corporate requirements. If we cannot fund our liquidity needs, we will have to take actions such as reducing or delaying capital expenditures, acquisitions or investments, selling assets, restructuring or refinancing our debt, reducing the scope of our operations and growth plans, or seeking additional equity capital. We cannot be assured that any of these remedies could, if necessary, be affected on commercially reasonable terms, or at all, or that they would permit us to meet our scheduled debt service obligations. Our 2011 Credit Agreement and the indenture governing our Notes limit the use of proceeds from any disposition of assets and, as a result, we may not be allowed, under those agreements, to use the proceeds from any such dispositions to satisfy all current debt service obligations.

***Nine Months Ended September 30, 2013 to Nine Months Ended September 30, 2014***

For the nine months ended September 30, 2014 and 2013, our cash flows from operating, investing and financing activities were as follows (dollars in thousands):

	<b>Nine Months Ended</b>		<b>Change 2013 to</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>2014</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Net cash provided by operating activities	\$ 12,407	\$ 117,328	\$ 104,921	845.7%
Net cash used in investing activities	(12,559)	(20,041)	7,482	59.6%
Net cash used in financing activities	(4,783)	(8,213)	3,430	71.7%

*Cash Flows from Operating Activities*

For the nine months ended September 30, 2014, our operating activities provided \$117.3 million in cash flow, consisting of a net income of \$26.3 million, adjusted for net noncash items of \$34.6 million primarily related to depreciation and amortization, amortization of capitalized loan fees, stock-based compensation, impairment of goodwill and intangible assets, foreign currency adjustments and deferred income taxes. In addition, \$56.4 million of cash was provided by changes in operating assets and liabilities, consisting primarily of an increase in accounts payable and accrued expenses and an increase in net deferred revenue, partially offset by a decrease in billed and unbilled accounts receivable.



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### Table of Contents

For the nine months ended September 30, 2013, our operating activities provided \$12.4 million in cash, consisting of a net loss of \$28.6 million, adjusted for net noncash item increases of \$48.6 million primarily related to depreciation and amortization and amortization of capitalized loan fees. In addition, \$7.6 million of cash was used by changes in operating assets and liabilities, consisting primarily of a decrease in net accounts receivable, partially offset by an increase in deferred revenue.

The changes in operating assets and liabilities result primarily from the net movement in accounts receivable, unbilled revenue, and deferred revenue, coupled with changes in accrued expenses. Fluctuations in billed and unbilled receivables and unearned revenue occur on a regular basis as we perform services, achieve milestones or other billing criteria, send invoices to customers and collect outstanding accounts receivable. This activity varies by individual customer and contract. We attempt to negotiate payment terms that provide for payment of services prior to or soon after the provision of services, but the levels of unbilled services and unearned revenue can vary significantly from period to period.

Cash flows from operations increased by \$104.9 million during the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013, primarily due to year-over-year increase of \$63.6 million in cash provided from working capital and a \$54.9 million decrease in net loss, offset by a \$14.0 million change in adjustments for non-cash items.

#### *Cash Flows from Investing Activities*

For the nine months ended September 30, 2014, we used \$20.0 million in cash for investing activities, comprised of the purchase of \$17.7 million of property and equipment and payment of \$2.3 million for the purchase of MEK Consulting. We anticipate total purchases of property and equipment for the year ended December 31, 2014 will be between \$25.0 million and \$30.0 million.

For the nine months ended September 30, 2013, we used \$12.6 million in cash for investing activities for the purchase of property and equipment.

#### *Cash Flows from Financing Activities*

For the nine months ended September 30, 2014, financing activities used \$8.2 million in cash, primarily driven by \$7.9 million in net repayments on long-term debt and capital lease obligations.

For the nine months ended September 30, 2013, financing activities used \$4.8 million in cash, primarily driven by \$2.8 million in proceeds from the modification of long-term debt, offset by \$5.8 million of payments on long-term debt and capital lease obligations.

#### *Year Ended December 31, 2013 Compared to the Years Ended December 31, 2012 and 2011*

For the years ended December 31, 2011, 2012 and 2013, our cash flows from operating, investing and financing activities were as follows (dollars in thousands):

	For the Years Ended			Increase / (Decrease)			
	December 31,						
	2011	2012	2013	2011 to 2012		2012 to 2013	
Net cash provided by (used in) operating activities	\$ (18,533)	\$ 42,999	\$ 37,270	\$ 61,532	332.0%	\$ (5,729)	(13.3)%
Net cash used in investing activities	(369,670)	(12,974)	(17,714)	(356,696)	(96.5)%	4,740	36.5%
Net cash provided (used in) by financing activities	422,053	(18,932)	(6,841)	(440,985)	(104.5)%	12,091	63.9%

Table of Contents

*Cash Flows from Operating Activities*

For the year ended December 31, 2013, our operating activities provided \$37.3 million in cash flow, consisting of a net loss of \$41.5 million, adjusted for net noncash items of \$72.6 million primarily related to depreciation and amortization, amortization of capitalized loan fees, stock-based compensation and deferred income taxes. In addition, \$6.2 million of cash was provided by changes in operating assets and liabilities, consisting primarily of an increase in deferred revenue, an increase in other long-term liabilities, offset by decrease in account receivable and unbilled revenue, net.

For the year ended December 31, 2012, operating activities provided \$43.0 million in cash, consisting of a net loss of \$59.1 million, adjusted for net noncash items of \$43.0 million primarily related to depreciation and amortization expense as well as amortization of capitalized loan fees, partially offset by changes in deferred income taxes, foreign currency adjustments and gain on purchase of an equity affiliate. In addition, \$59.1 million in cash was provided by the changes in operating assets and liabilities, consisting primarily of an increase in other assets and deferred revenue, partially offset by a decrease in accounts payable and accrued expenses, as well as an increase in accounts receivable and unbilled revenue.

For the year ended December 31, 2011, operating activities used \$18.5 million in cash, consisting of a net loss of \$59.5 million, adjusted for net noncash items of \$36.0 million primarily related to depreciation and amortization expense as well as amortization of capitalized loan fees, partially offset by changes in deferred income taxes and foreign currency adjustments. In addition, \$5.0 million in cash was provided by the changes in operating assets and liabilities, consisting primarily of an increase in other assets and deferred revenue, partially offset by a decrease in accounts payable and accrued expenses, as well as a decrease in accounts receivable and unbilled revenue.

Cash flows from operations decreased by \$5.7 million during 2013 compared to 2012, primarily due to year-over-year reduction of \$51.8 million in cash provided from working capital, offset by an increase in earnings prior to amortization and depreciation. Cash flows from operations increased by \$61.5 million during 2012 compared to 2011, primarily due to year-over-year increase of \$52.2 million in cash provided from working capital, offset by a decrease in the net loss prior to amortization and depreciation.

*Cash Flows from Investing Activities*

For the year ended December 31, 2013, we used \$17.7 million in cash for investing activities, comprised of the purchase of \$17.7 million of property and equipment.

For the year ended December 31, 2012, we used \$13.0 million in cash for investing activities, comprised primarily of the purchase of \$9.6 million of property and equipment and a \$3.4 million payment related to the GVK Acquisition (net of cash acquired).

For the year ended December 31, 2011, our investing activities used \$369.7 million in cash, comprised primarily of \$364.9 million related to the Kendle Acquisition and the Trident Acquisition (net of cash acquired), as well as the purchase of \$4.8 million of property and equipment.

*Cash Flows from Financing Activities*

For the year ended December 31, 2013, financing activities used \$6.8 million in cash, primarily driven by \$4.0 million in net repayments on long-term debt and capital leases obligations, \$1.4 million of treasury stock repurchases and \$1.3 million of contingent consideration related to the Trident Acquisition.

## Edgar Filing: INC Research Holdings, Inc. - Form S-1/A

### Table of Contents

For the year ended December 31, 2012, financing activities used \$18.9 million in cash, primarily driven by \$7.0 million in repayments on our revolving line of credit, \$6.4 million of payments on other long-term debt and capital lease obligations, \$2.8 million of treasury stock repurchases and \$2.7 million of payment of contingent consideration related to the Trident Acquisition.

For the year ended December 31, 2011, our financing activities provided \$422.1 million in cash, primarily from \$568.1 million of proceeds from issuance of long-term debt, \$162.3 million of proceeds from the sale of common stock and borrowings of \$28.0 million on our revolving line of credit, partially offset by \$329.3 million of repayments of our previously outstanding long-term debt, revolving line of credit and capital lease obligations, \$4.5 million of dividends paid and \$2.6 million of treasury stock repurchases.

### **Inflation**

Our long-term contracts, those in excess of one year, generally include inflation or cost of living adjustments for the portion of the services to be performed beyond one year from the contract date. In the event actual inflation rates are greater than our contractual inflation rates or cost of living adjustments, inflation could have a material adverse effect on our operations or financial condition.

### **Contractual Obligations and Commitments**

The following table summarizes our expected material contractual payment obligations as of December 31, 2013 (dollars in thousands):

	Total	Payment Due by Period			
		Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Long-term debt	\$ 596,480	\$ 4,713	\$ 4,287	\$ 287,480	\$ 300,000
Interest on long-term debt	290,228	52,392	104,445	98,891	34,500
Non-cancellable purchase commitments	39,943	17,193	22,225	525	
Capital leases	2,564	2,292	272		
Operating leases	84,889	22,247	35,588	23,590	3,464
<b>Total</b>	<b>\$ 1,014,104</b>	<b>\$ 98,837</b>	<b>\$ 166,817</b>	<b>\$ 410,486</b>	<b>\$ 337,964</b>

The interest payments on long-term debt in the above table are based on interest rates in effect as of December 31, 2013. On February 19, 2014, we entered into Amendment No. 2 to our 2011 Credit Agreement. Pursuant to Amendment No. 2, we reduced the applicable margins under the revolving loan facility to 3.25% for Eurodollar loans, to 2.25% for base rate loans and reduced the applicable margins under the term loan facility to 3.25% for Eurodollar loans and to 2.25% for base rate loans, in each case subject to further reductions based upon a pricing grid.

Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility pursuant to an Amended and Restated Credit Agreement. See "Description of Material Indebtedness." We intend to use the proceeds of the \$134.0 million of additional term loan borrowings, along with the proceeds of this offering and, assuming an initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, \$73.1 million of cash on hand to redeem all of our outstanding Notes and pay any

Table of Contents

redemption premiums, make-whole interest and related fees and expenses. Additionally, our interest on long-term debt will decrease by \$336.5 million related to the repayment of the Notes, partially offset by an increase of \$134.0 million related to the borrowings under our Amended and Restated Credit Agreement.

We have recorded a tax liability for unrecognized tax benefits for uncertain tax positions of \$23.7 million which has not been included in the above table due to the uncertainties in the timing of the settlement of the income tax positions.

We are a party to supplier contracts related to clinical services that if cancelled would require payment for services performed and potentially additional services required to protect the safety of subjects. The value of these potential wind-down provisions is not practical to estimate.

**Off-balance Sheet Arrangements**

We do not have any off-balance sheet arrangements except for operating leases entered into in the normal course of business.

**Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses during the period, as well as disclosures of contingent assets and liabilities at the date of the financial statements. We evaluate our estimates on an ongoing basis, including those related to revenue recognition, stock-based compensation, valuation of goodwill and identifiable intangibles, tax-related contingencies and valuation allowances, allowance for doubtful accounts, litigation contingencies, among others. These estimates are based on the information available to management at the time these estimates, judgments and assumptions are made. Actual results may differ materially from these estimates.

***Revenue Recognition***

We recognize revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service offering has been delivered to the customer; (3) the collection of the fees is reasonably assured; and (4) the arrangement consideration is fixed or determinable. We record revenues net of any tax assessments by governmental authorities, such as value added taxes, that are imposed on and concurrent with specific revenue generating transactions. In some cases, contracts provide for consideration that is contingent upon the occurrence of uncertain future events. We recognize contingent revenue when the contingency has been resolved and all other criteria for revenue recognition have been met.

Our arrangements are primarily service contracts and historically, a majority of the net service revenue has been earned under contracts which range in duration from several months to several years. Most of our contracts can be terminated by the client with 30 days' notice. In the event of termination, our contracts often provide for fees for winding down the project, which include both fees incurred and actual expenses and noncancellable expenditures and may include a fee to cover a percentage of the remaining professional fees on the project. We do not recognize revenue with respect to start-up activities including contract and scope negotiation, feasibility analysis and conflict of interest review associated with contracts. The costs for these activities are expensed as incurred.

The majority of our contracts are for clinical research services and, to a lesser extent, consulting services. These contracts represent a single unit of accounting. Clinical research service contracts generally take the form of fee-for-service, fixed-fee-per-unit and fixed-price contracts, with

Table of Contents

the majority of the contracts being fixed-fee-per-unit. For fee-for-service contracts, fees are billed based on a contractual rate basis and the Company recognizes revenue on these arrangements as services are performed, primarily on a time and materials basis. For fixed-price contracts (including fixed-fee and fixed-price-per-unit arrangements), revenue is recognized as services are performed based upon a proportional performance basis, which is assessed using output measures that are specific to the service provided.

Examples of output measures include, among others, study management months, number of sites activated, number of site initiation visits, and number of monitoring visits completed. Revenue is determined by dividing the actual units of work completed by the total units of work required under the contract and multiplying that ratio by the total contract value. The total contract value, or total contractual payments, represents the aggregate contracted price for each of the agreed upon services to be provided.

Changes in the scope of work are common, especially under long-term contracts, and generally result in a renegotiation of future contract pricing terms and change in contract value. If the customer does not agree to contract modification, we could bear the risk of cost overruns. Renegotiated amounts are not included in net revenues until the contract modification is signed, the amount is earned and realization is assured.

For the arrangements that include multiple elements, arrangement consideration is allocated to units of accounting based on the relative selling price. The best evidence of selling price of a unit of accounting is vendor-specific objective evidence, or VSOE, which is the price we charge when the deliverable is sold separately. When VSOE is not available to determine selling price, management uses relevant third-party evidence, or TPE, of selling price, if available. When neither VSOE nor TPE of selling price exists, management uses its best estimate of selling price considering all relevant information that is available without undue cost and effort. We consider the guidance related to the accounting for multiple element arrangements when determining whether more than one contract shall be combined and accounted for as a single arrangement.

***Billed and Unbilled Accounts Receivable and Deferred Revenues***

Accounts receivable are recorded at net realizable value. Unbilled accounts receivable arise when services have been rendered for which revenue has been recognized but the customers have not been billed. In general, prerequisites for billings and payments are established by contractual provisions, including predetermined payment schedules, which may or may not correspond to the timing of the performance of services under the contract.

In some cases, payments received are in excess of revenue recognized. Deferred revenues represent billings or receipts of payments from customers in advance of services being provided and the related revenue being earned or reimbursable expenses being incurred. As the contracted services are subsequently performed and the associated revenue is recognized, the deferred revenues balance is reduced by the amount of the revenue recognized during the period.

***Allowance for Doubtful Accounts***

We maintain a credit approval process and make significant judgments in connection with assessing customers' ability to pay throughout the contractual obligation. Despite this assessment, from time to time, customers are unable to meet their payment obligations. We continuously monitor customers' credit worthiness and apply judgment in establishing a provision for estimated credit losses based on historical experience and any specific customer collection issues that have been identified.

Table of Contents

***Goodwill, Intangible Assets and Long-Lived Assets***

Goodwill represents the excess of purchase price over the fair value of net assets acquired in business combinations. We evaluate goodwill for impairment on an annual basis or more frequently if events or changes in circumstances indicate that goodwill might be impaired. During 2012, we determined that the goodwill related to our Phase I Services reporting unit was impaired and recognized an impairment loss of \$4.0 million. During the second quarter of 2014, we determined that the intangible assets and goodwill related to our Phase I Services and Global Consulting reporting units were impaired and recognized an impairment loss of \$17.2 million.

Intangible assets consist primarily of trademarks, backlog, customer relationships and technologies. Finite-lived trademarks, backlog and technologies are being amortized on a straight-line basis. Customer relationships are being amortized at the greater of actual customer attrition or a straight-line basis over the estimated useful lives. Certain trademarks have an indefinite life and are not amortized but instead are evaluated for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Finite-lived intangible assets are tested for impairment upon the occurrence of certain triggering events.

Long-lived assets, including fixed assets and intangible assets, are regularly reviewed to determine if facts and circumstances indicate that the useful life is shorter than we originally estimated or that the carrying amount of the assets may not be recoverable. If such facts and circumstances exist, we assess the recoverability of identified assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets and occur in the period in which the impairment determination was made.

***Stock-Based Compensation***

We recognize stock-based compensation expense for stock option awards provided to our employees. We measure stock-based compensation cost at grant date, based on the estimated fair value of the award and recognize the service-based cost on a straight-line basis (net of estimated forfeitures) over the employee's vesting period. The compensation expense with respect to performance-based awards is recognized if we believe it is probable that the performance condition will be achieved. We reassess the probability of the achievement of the performance condition at each reporting period, and adjust the compensation expense for subsequent changes in the estimate or actual outcome.

We estimate the fair value of each option award on the grant date using the Black-Scholes-Merton option-pricing model. The model requires the use of the following assumptions: the fair value of our Class A common shares; an expected dividend yield; expected volatility; risk-free interest rate; and expected term.

***Fair Value of Our Class A Common Shares.*** Due to the absence of an active market for our Class A common shares, the fair value of our common shares for purposes of determining the fair value of stock option awards was determined in good faith by our Board, with the assistance and upon the recommendation of management, based on a number of objective and subjective factors consistent with the methodologies outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the AICPA Practice Aid, including:

contemporaneous related party valuations of our common shares;

the common shares underlying the award involved illiquid securities in a private company;

## Edgar Filing: INC Research Holdings, Inc. - Form S-1/A

### Table of Contents

our results of operations and financial position;

the composition of, and changes to, our management team and Board;

the material risks related to our business;

our business strategy;

the market performance of publicly traded companies in the CRO sector, and recently completed mergers and acquisitions of companies comparable to us;

the likelihood of achieving a liquidity event for the holders of our common shares and options such as an initial public offering given prevailing market conditions; and

external market conditions affecting the life sciences and biotechnology industry sectors.

Each quarter a contemporaneous valuation (within the meaning of such term under the AICPA Practice Aid) of our Class A common shares was performed by a related party. At each grant date, the Board considered whether any events or circumstances occurred between the date of the valuation and the date of the grant that would indicate a significant change in the fair value of our common shares during that period. For all of the contemporaneous valuations performed, two commonly accepted valuation approaches were applied to estimate our enterprise value: the guideline public company method and the guideline transactions method. These methods both select a valuation multiple from comparable public companies or transactions, making adjustments for our strengths and weaknesses relative to the selected companies and apply it to our operating data to determine an indication of our enterprise value. Our valuations utilized a multiple of Adjusted EBITDA to enterprise value of comparable companies and transactions, applied to our historical and prospective Adjusted EBITDA to arrive at an indication of the fair value. This metric was selected as we believe it is the most appropriate valuation of a company with our capital structure and is commonly used by investors and analysts within our industry.

The following table summarizes all stock option grants from September 1, 2010 through September 30, 2014:

	<b>Number of Shares Underlying Options Granted</b>	<b>Exercise Price Per Share</b>	<b>Estimated Fair Value Per Common Share at Grant Date</b>	<b>Weighted Average Fair Value Per Option at Grant Date</b>
September 2010 to May 2011	3,232,071	\$ 8.45	\$ 8.45	\$ 4.06
June 2011 to July 2013	1,452,426	\$ 10.57	\$ 10.57	\$ 4.65
August 2013 to January 6, 2014	449,704	\$ 10.06	\$ 10.06	\$ 4.48
January 7, 2014 to March 31, 2014		N/A	N/A	N/A
April 1, 2014 to April 21, 2014	224,852	\$ 13.52	\$ 13.52	\$ 4.90
April 22, 2014 to June 29, 2014		N/A	N/A	N/A
June 30, 2014	801,404	\$ 16.06	\$ 16.06	\$ 5.58
July 1, 2014 to August 10, 2014		N/A	N/A	N/A
August 11, 2014	106,508	\$ 19.44	\$ 19.44	\$ 6.59
August 12, 2014 to September 30, 2014		N/A	N/A	N/A

**Expected Dividend Yield.** We have not paid and do not expect to pay dividends on our Class A common stock, therefore, we use a zero-percent dividend rate.

**Expected Volatility.** We use the historical volatilities of a selected peer group as we do not have sufficient trading history to determine the volatility of our Class A common stock. We intend to





Table of Contents

continue to rely on this information until a sufficient amount of historical information regarding the volatility of our own stock becomes available, or unless the circumstances change such that the identified companies are no longer similar to us.

**Risk-Free Interest Rate.** We use the implied yield available on U.S. Treasury zero-coupon bonds with an equivalent remaining term of the options for each option group to represent the risk-free interest rate.

**Expected Term.** The expected term represents the period that our option awards are expected to be outstanding. As we do not have sufficient historical experience for determining the expected term, we have based our expected term on the simplified method available under GAAP, which utilizes the midpoint between the vesting date and the end of the contractual term.

Once we have determined an estimated fair value, we adjust that value for expected forfeitures to represent the value of the award that we expect to vest. We estimate forfeitures based on a historical analysis of our actual forfeiture experience. We recognize the expense on a straight-line basis over the requisite service period of the award. At the end of each period, we review the estimated forfeiture rate and, as applicable, make changes to the rate calculations to reflect new developments. Stock-based compensation cost is recorded in direct costs and selling, general and administrative in the consolidated statements of operations and comprehensive loss based on the employees' respective function.

We record deferred tax assets for awards that result in deductions on our income tax returns, based on the amount of compensation cost recognized and the statutory tax rate in the jurisdiction in which we will receive a deduction. Differences between the deferred tax assets recognized for financial reporting purposes and the actual tax deduction reported on the income tax return are recorded in additional paid-in capital (if the tax deduction exceeds the deferred tax asset) or in the consolidated statements of operations and comprehensive loss (if the deferred tax asset exceeds the tax deduction and no additional paid-in capital exists from previous awards).

***Restructuring and Related Expenses***

Restructuring costs, which primarily include severance and facility closure costs, are recorded at estimated fair value. Key assumptions in determining the restructuring costs include the terms and payments that may be negotiated to terminate certain contractual obligations and the timing of employees leaving us. We account for restructuring costs in accordance with the authoritative guidance for compensation nonretirement postemployment benefits. Under this guidance, we record these obligations when the obligations are estimable and probable.

We account for one-time termination benefits, contract termination costs and other related exit costs in accordance with the authoritative guidance for exit or disposal cost obligations. This guidance requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, as opposed to when management commits to an exit plan. Additionally, this guidance requires that (i) liabilities associated with exit and disposal activities be measured at fair value, (ii) one-time termination benefits be expensed at the date the entity notifies the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period, (iii) liabilities related to an operating lease/contract be recorded at fair value and measured when the contract does not have any future economic benefit to the entity (i.e., the entity ceases to utilize the rights conveyed by the contract), and (iv) all other costs related to an exit disposal activity be expensed as incurred.

Table of Contents

***Income Taxes***

We and our U.S. subsidiaries file a consolidated U.S. federal income tax return. Our other subsidiaries file tax returns in their local jurisdictions.

We provide for income taxes on all transactions that have been recognized in the consolidated financial statements. Specifically, we estimate our tax liability based on current tax laws in the statutory jurisdictions in which it operates. Accordingly, the impact of changes in income tax laws on deferred tax assets and deferred tax liabilities are recognized in net earnings in the period during which such changes are enacted. We record deferred tax assets and liabilities based on temporary differences between the financial statement and tax bases of assets and liabilities and for tax benefit carryforwards using enacted tax rates in effect in the year in which the differences are expected to reverse.

We provide valuation allowances against deferred tax assets for amounts that are not considered more likely than not to be realized. The valuation of the deferred tax asset is dependent on, among other things, our ability to generate a sufficient level of future taxable income. In estimating future taxable income, we have considered both positive and negative evidence, such as historical and forecasted results of operations, and have considered the implementation of prudent and feasible tax planning strategies.

We recognize a tax benefit from an uncertain tax position only if we believe it is more likely than not to be sustained upon examination based on the technical merits of the position. Judgment is required in determining what constitutes an individual tax position, as well as the assessment of the outcome of each tax position. We consider many factors when evaluating and estimating tax positions and tax benefits. In addition, the calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations in domestic and foreign jurisdictions. The amount of the accrual for which an exposure exists is measured as the largest amount of benefit determined on a cumulative probability basis that we believe is more likely than not to be realized upon ultimate settlement of the position. If the calculation of liability related to uncertain tax positions proves to be more or less than the ultimate assessment, a tax expense or benefit to expense, respectively, would result. We do not foresee any reasonably possible change in the unrecognized tax benefits in the next twelve months, but acknowledge circumstances can change due to unexpected developments in the law.

Our policy has been to provide income taxes on earnings of foreign subsidiaries only to the extent those earnings are expected to be repatriated. We intend to repatriate current and future earnings of our foreign subsidiaries to meet certain cash requirements in the United States. As a result, we have provided taxes on these earnings. We continue to assert that all undistributed foreign earnings prior to December 31, 2012 remain permanently reinvested to support future growth in foreign markets and to maintain current operating needs of foreign locations.

**Recently Issued Accounting Standards**

In February 2013, the FASB issued guidance that requires preparers to report, in one place, information about reclassifications out of accumulated other comprehensive income and, if applicable, the effect of the reclassifications on the respective line items in the consolidated statements of operations and comprehensive (loss) income. The guidance is effective for fiscal years and interim periods beginning on or after December 15, 2012. The adoption did not have a material impact on our consolidated financial statements.

In February 2013, the FASB issued guidance to clarify that nonpublic entities are not required to disclose the fair value hierarchy level for financial instruments that are not measured at fair value on the statement of financial position but for which fair value is disclosed. The guidance is effective

Table of Contents

immediately and the adoption did not have a material impact on our consolidated financial statements.

In March 2013, the FASB issued guidance specifying that a cumulative translation adjustment, or CTA, should be recognized into earnings when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For sales of an equity method investment that is a foreign entity, a pro rata portion of CTA attributable to the investment would be recognized in earnings when the investment is sold. When an entity sells either a part or all of its investment in a consolidated foreign entity, CTA would be recognized in earnings only if the sale results in the parent no longer having a controlling financial interest in the foreign entity. In addition, CTA should be recognized in earnings in a business combination achieved in stages. The guidance is effective for fiscal years beginning after December 15, 2014. We do not believe the adoption of this guidance will have a material impact on our consolidated financial statements.

In July 2013, the FASB issued Accounting Standards Update, or ASU, No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists. The ASU provides guidance regarding the presentation in the statement of financial position of an unrecognized tax benefit when a net operating loss carryforward or a tax credit carryforward exists. The ASU generally provides that an entity's unrecognized tax benefit, or a portion of its unrecognized tax benefit, should be presented in its financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The ASU applies prospectively to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date, and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. We do not plan to early adopt. We do not believe the adoption of this guidance will have a material impact on our consolidated financial statements.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU 2014-15 will explicitly require management to assess an entity's ability to continue as a going concern at each annual and interim period. Related footnote disclosures will be required if conditions give rise to substantial doubt about an entity's ability to continue as a going concern within one year after the report issuance date. If conditions do not give rise to substantial doubt, no disclosures will be required specific to going concern uncertainties. The ASU defines substantial doubt using a likelihood threshold of "probable" similar to the current use of that term in U.S. GAAP for loss contingencies and provides example indicators. ASU 2014-15 is effective for reporting periods ending after December 15, 2016, and early

Table of Contents

adoption is permitted. We do not believe the adoption of this guidance will have a material impact on our consolidated financial statements or related footnote disclosures.

**Quantitative and Qualitative Disclosure About Market Risk**

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates and other relevant market rate or price changes. In the ordinary course of business, we are exposed to various market risks, including changes in foreign currency exchange rates and interest rates, and we regularly evaluate our exposure to such changes. Our overall risk management strategy seeks to balance the magnitude of the exposure and the cost and availability of appropriate financial instruments. From time to time, we have utilized forward exchange contracts to manage our foreign currency exchange rate and interest rate risk.

***Foreign Currency Exchange Rates***

Approximately 26.8% and 26.3% of our net service revenues for the years ended December 31, 2012 and 2013, respectively, were denominated in currencies other than the U.S. dollar. Our financial statements are reported in U.S. dollars and, accordingly, fluctuations in exchange rates will affect the translation of our revenues and expenses denominated in foreign currencies into U.S. dollars for purposes of reporting our consolidated financial results. During 2012 and 2013, the most significant currency exchange rate exposures were the Euro and British pound. A hypothetical change of 10% in average exchange rates used to translate all foreign currencies to U.S. dollars would have impacted income before income taxes for 2013 by approximately \$17 million. We do not have significant operations in countries in which the economy is considered to be highly-inflationary.

We are subject to foreign currency transaction risk for fluctuations in exchange rates during the period of time between the consummation and cash settlement of a transaction. Accordingly, exchange rate fluctuations during this period may affect our profitability with respect to such contracts. We are able to partially offset our foreign currency transaction risk through exchange rate fluctuation adjustment provisions stated in our contracts with customers, or we may hedge our transaction risk with foreign currency exchange contracts.

***Interest Rates***

We are subject to market risk associated with changes in interest rates. At December 31, 2013 and 2012, we had \$296.5 million and \$295.5 million, respectively, outstanding under credit agreements subject to variable interest rates. Each quarter-point increase or decrease in the applicable interest rate at December 31, 2013 and 2012 would change our interest expense by approximately \$0.7 million and \$0.7 million, respectively, per year.

Table of Contents

**BUSINESS**

**Overview**

We are a leading global CRO based on revenues and are exclusively focused on Phase I to Phase IV clinical development services for the biopharmaceutical and medical device industries. We provide our customers highly differentiated therapeutic alignment and expertise, with a particular strength in CNS, oncology and other complex diseases. We consistently and predictably deliver clinical development services in a complex environment and offer a proprietary, operational approach to clinical trials through our Trusted Process® methodology. Our service offerings focus on optimizing the development of, and therefore, the commercial potential for, our customers' new biopharmaceutical compounds, enhancing returns on their R&D investments, and reducing their overhead by offering an attractive variable cost alternative to fixed cost, in-house resources.

Over the past decade, we have systematically built our scale and capabilities to become a leading global provider of Phase I to Phase IV clinical development services, with approximately 5,500 employees in 50 countries across six continents as of September 30, 2014. Our broad global reach has enabled us to provide clinical development services in over 100 countries. Our global footprint provides our customers with broad access to diverse markets and patient populations, local regulatory expertise and local market knowledge. We have developed our capabilities and infrastructure in parallel with our extensive, industry-leading relationships with principal investigators and clinical research sites, as demonstrated by our ranking as the "Top CRO" in the 2013 CenterWatch Global Investigative Site Relationship Survey, which was conducted by CenterWatch, a third-party leading publisher in the clinical trials industry. The survey covered responses from over 2,000 global sites across 36 specific relationship attributes about CROs that the sites surveyed have worked with in the past two years. We believe these attributes are critical for delivering high quality clinical trial results on time and on budget for our customers. We provide robust clinical development services through specialized therapeutic teams that have deep scientific expertise and are strategically aligned with the largest and fastest growing areas of our customers' R&D investments. Over 75% of our backlog as of September 30, 2014 is in CNS, oncology and other complex diseases, such as genetic disorders and infectious diseases.

Our diversified customer base includes a mix of many of the world's largest biopharmaceutical companies as well as high-growth, small and mid-sized biopharmaceutical companies. We deliver high quality service through our internally developed, metrics-driven Trusted Process®, which is our proprietary methodology designed to reduce operational risk and variability by standardizing clinical development services and implement quality controls throughout the clinical development process. We believe our Trusted Process® leads our customers to faster, better-informed drug development decisions.

For the year ended December 31, 2013 and the nine months ended September 30, 2014, we had total net service revenue of \$652.4 million and \$596.0 million, respectively, net loss of \$(41.5) million and net income of \$26.3 million, respectively, Adjusted Net Income of \$15.4 million and \$39.0 million, respectively, and Adjusted EBITDA of \$105.5 million and \$113.9 million, respectively. Net service revenue, Adjusted Net Income and Adjusted EBITDA increased by 12.7%, 462.2% and 25.1%, respectively, and net loss decreased by 29.7% for the year ended December 31, 2013 from the year ended December 31, 2012. Net service revenue, Adjusted EBITDA and Adjusted Net Income increased by 24.7%, 50.5% and 283.0%, respectively, and our net (loss) income increased from a net loss of \$28.6 million to net income of \$26.3 million for the nine months ended September 30, 2014 from the nine months ended September 30, 2013. As of September 30, 2014, we had outstanding term loans under the 2011 Credit Agreement of \$291.0 million and \$300.0 million aggregate principal amount of Notes. Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility pursuant to an

Table of Contents

Amended and Restated Credit Agreement. We intend to use the proceeds of the \$134.0 million additional term loan borrowings, along with the proceeds of this offering and \$73.1 million of cash on hand to redeem all of our outstanding Notes and pay any redemption premiums, make-whole interest and related fees and expenses. For a reconciliation of Adjusted Net Income and Adjusted EBITDA, each of which are non-GAAP measures, to our net loss, see "Selected and Pro Forma Consolidated Financial Data."

**Our Market**

The market for our services includes biopharmaceutical companies that outsource clinical development services. We believe we are well-positioned to benefit from the following market trends:

***Trends in late-stage clinical development outsourcing.*** Within the clinical development market, we primarily focus on Phase II to Phase IV clinical trials. Biopharmaceutical companies continue to prioritize the outsourcing of Phase II to Phase IV clinical trials, particularly in complex, high-growth therapeutic areas such as CNS, oncology and other complex diseases. Additionally, small and mid-sized biopharmaceutical companies typically have limited infrastructure and therefore have a particular proclivity to outsource their clinical development to CROs. Since January 2013, biotechnology companies in the United States have raised \$17.1 billion from the public equity markets, and we believe the growth in this sector will further enhance overall growth within the CRO industry. We estimate, based on industry sources, including analyst reports, and management's knowledge, that the market for CRO services for Phase II to Phase IV clinical development services will grow at a rate of 8% to 9% annually through 2018, driven by a combination of increased development spend and further outsourcing penetration. In addition, we estimate that total biopharmaceutical spending on drug development in 2013 was approximately \$74.6 billion, of which the clinical development market, which is the market for drug development following pre-clinical research, was approximately \$65.1 billion. Of the \$65.1 billion, we estimate our total addressable market to be \$56.3 billion, after excluding \$8.8 billion of indirect fees paid to principal investigators and clinical research sites, which are not a part of the CRO market. We estimate that total biopharmaceutical spending on clinical development will grow at a rate of 3% to 4% annually through 2018. In 2013, we estimate biopharmaceutical companies outsourced approximately \$20.6 billion of clinical development spend to CROs, representing a 9% increase in such spending compared to 2012 and a penetration rate of 37% of our total addressable market. We estimate that this penetration rate will increase to 46% of our total addressable market by 2018. We believe that CROs with deep therapeutic expertise, global reach and capabilities, the ability to conduct increasingly complex clinical trials and maintain strong principal investigator and clinical research site relationships will be well-positioned to benefit from these industry trends.

***Optimization of biopharmaceutical R&D efficiency.*** Market forces and healthcare reform, including the Affordable Care Act and other governmental initiatives, place significant pressure on biopharmaceutical companies to improve cost efficiency. Companies need to demonstrate the relative improvement in quality, safety, and effectiveness of new therapies as compared to existing approved therapies as early as possible in the development process. CROs can help biopharmaceutical companies deploy capital more efficiently, especially as many biopharmaceutical companies do not have adequate in-house development resources. In response to high clinical trial costs, particularly in therapeutic areas such as CNS and oncology, which we believe present the highest mean cost per patient across all clinical trials, biopharmaceutical companies are streamlining operations and shifting development to external providers in order to lower their fixed costs. Based on efficiencies gained through experience, we estimate that CROs have shortened clinical testing timelines by as much as 30%. Full service CROs can deliver operational efficiencies, provide high visibility into trial conduct, and allow biopharmaceutical companies to focus internal resources on their core competencies related to drug discovery and commercialization.

Table of Contents

**Globalization of clinical trials.** Clinical trials have become increasingly global as biopharmaceutical companies seek to accelerate patient recruitment, particularly within protocol-eligible, treatment-naïve patient populations without co-morbidities that could skew clinical outcomes. Additionally, biopharmaceutical companies increasingly seek to expand the commercial potential of their products by applying for regulatory approvals in multiple countries, including in areas of the world with fast growing economies and middle classes that are spending more on healthcare. As part of the approval process for biopharmaceutical products in newer markets, especially in certain Asian and emerging markets, regulators often require trials to include specific percentages or numbers of people from local populations. Thus, clinical studies to support marketing approval applications frequently include a combination of multinational and domestic trials. These trends emphasize the importance of global experience and geographic coverage, local market knowledge and coordination throughout the development process.

**Management of increasingly complex trials.** The biopharmaceutical industry operates in an increasingly sophisticated and highly regulated environment and has responded to the demands of novel therapeutics by adapting efficient drug development processes. Complex trial design expertise has emerged as a significant competitive advantage for select CROs that have a track record of successfully navigating country-specific regulatory, trial protocol and patient enrollment barriers, including sometimes subjective, evolving clinical endpoints. Measures of clinical trial complexity significantly increased over the last decade, as evidenced by total procedures per trial protocol increasing by 57% between 2000 and 2011. In addition, the therapeutic areas where we have a particular focus, including CNS, oncology and other complex diseases, often require more complex testing protocols than other disease indications. For example, studies related to CNS, oncology and other complex diseases often require treatment-naïve patients, and sometimes have subjective endpoints, which can be difficult to measure. Accordingly, these areas demand greater clinical trial proficiency and therapeutic expertise, particularly in light of new methods of testing, such as the use of biomarkers and gene therapy.

**Our Competitive Strengths**

We believe that we are well positioned to capitalize on positive trends in the CRO industry and provide differentiated solutions to our customers based on our key competitive strengths set forth below:

**Deep and long-standing expertise in the largest and fastest growing therapeutic areas.** Over the past 20 years, we have focused on building world-class therapeutic expertise to better serve our customers. We provide a broad offering of therapeutic expertise, with our core focus in the largest and fastest growing therapeutic areas, including CNS, oncology and other complex diseases, which collectively constitute over 75% of our backlog as of September 30, 2014. Based on industry data, we estimate that CNS, oncology and other complex diseases together represent over 55% of total Phase III drugs under development. We believe we have been growing faster than the market, resulting in market share gains in our key therapeutic areas. Our total net service revenue grew by 12.7% in 2013 and our net service revenue for CNS and oncology, collectively, grew by 21.3% in 2013.

Our therapeutic expertise is managed by our senior leadership and delivered by the senior scientific and medical staff and our clinical research associates, or CRAs, within our various therapeutic areas. A significant majority of our CRAs are specifically trained in individual therapeutic areas, with over 60% of our CRAs dedicated to CNS, oncology or other complex diseases. Industry analysts have reported that therapeutic expertise is the most influential factor for small to mid-cap and large sponsors of clinical trials in selecting a CRO. We believe that our expertise in managing complex clinical trials differentiates us from our competitors and has played a key role in our revenue growth, our ability to win new clinical trials and our successful relationship development with principal investigators and clinical research sites.

Table of Contents

***Clinical development focus and innovative operating model.*** We derive approximately 99% of our net service revenue from clinical development services without distraction from lower growth, lower margin non-clinical business. Since 2006, we have conducted our clinical trials using our innovative Trusted Process® operating model, which standardizes methodologies, increases the predictability of the delivery of our services and reduces operational risk. Since initiation of the Trusted Process®, we have reduced median study start-up time (defined as the period from finalized protocol to first patient enrolled) on new projects by 26%. Based on industry sources for the median study start-up time for the biopharmaceutical industry, we believe we achieve this milestone for our customers at a significantly faster pace than industry medians, primarily due to our proprietary Trusted Process® operating model. In addition to the absolute reduction of cycle times in critical path milestones, we provide greater operating efficiency, more predictable project schedules and a reduction in overall project timelines. Ninety percent of our new business awards in 2013 were from repeat customers, which we believe is directly attributable to our innovative business model.

***Unmatched, industry-leading principal investigator and clinical research site relationships.*** We have extensive relationships with principal investigators and clinical research sites. We believe these quality relationships are critical for delivering clinical trial results on time and on budget for our customers. Motivated and engaged investigative sites can facilitate faster patient recruitment, increase retention, maintain safety, ensure compliance with protocols as well as with local and international regulations, and streamline reporting. The ability to recruit and retain principal investigators and patients is an integral part of the clinical trial process. We have dedicated personnel focused on enhancing clinical research site relationships; we work with these sites in collaborative partnerships to improve cycle times and standardize start-up activities to drive efficiency. Our focus on principal investigator and clinical research site relationships is unmatched in the industry, as demonstrated by our ranking as the "Top CRO" in the 2013 CenterWatch Global Investigative Site Relationship Survey. In this survey, we ranked in the top three across all 36 attributes ranked and received an average of 80.4% of "excellent" or "good" ratings across all attributes compared to the median number of CROs ranking in the top three across eight attributes and receiving an average of 72.7% "excellent" or "good" ratings across all attributes. In addition, we ranked #1 in four of the five attributes that industry analysts considered the most influential factors in selecting a CRO and received some of our highest scores related to our professional staff and being well-organized and prepared in our studies. We also participate at the highest level of membership within the Society for Clinical Research Sites (SCRS) as a Global Impact Partner (GIP).

***Broad global reach with in-depth local market knowledge.*** We believe that we are one of a few CROs with the scale, expertise, systems and agility necessary to conduct global clinical trials. We offer our services through a highly skilled staff of approximately 5,500 employees in 50 countries as of September 30, 2014 and have conducted work in over 100 countries. We have expanded our presence in high-growth international markets such as Asia-Pacific, Latin America and the Middle East and North Africa. Our comprehensive regulatory expertise and extensive local knowledge facilitate timely patient recruitment for complex clinical trials and improved access to treatment-naïve patients and to emerging markets, thereby reducing the time and cost of these trials for our customers while also optimizing the commercialization potential for new therapies.

***Diversified, loyal and growing customer base.*** We have a well-diversified, loyal customer base of over 300 customers that includes many of the world's largest biopharmaceutical companies as well as high-growth, small and mid-sized biopharmaceutical companies. We have several customers with whom we have achieved "preferred provider" or strategic alliance relationships. We define these relationships as those with customers with whom we have executed master service agreements and have regularly scheduled meetings to discuss the status of our relationship, and for which we serve as a preferred supplier of services. We believe these relationships provide us enhanced opportunities for more business, although they are not a guarantee of future business. In addition, many of our customers are diversified across multiple projects and compounds. Our top



Table of Contents

five customers represented approximately 54 compounds in 64 indications across 132 active projects and accounted for approximately 34% of our net service revenue in 2013. Our customer base is geographically diverse with well-established relationships in the United States, Europe and Asia. We believe the breadth of our footprint reduces our exposure to potential U.S. and European biopharmaceutical industry consolidation. For example, 25% of our 2013 revenue was associated with biopharmaceutical customers whose parent companies are headquartered in Japan. We believe that the tenure of our customer relationships as well as the depth of penetration of our services reflect our strong reputation and track record. While 90% of our new business awards in 2013 were from repeat customers and our top ten customers have worked with us for an average of six years, we were also awarded clinical trials from 53 new customers in 2013, with particularly strong growth among small to mid-sized biopharmaceutical companies. We have also increased our penetration in the large biopharmaceutical market, which we define as the top 50 biopharmaceutical companies measured by annual drug revenue, as evidenced by our new business awards from large biopharmaceutical companies growing by 46% in 2013. In the last twelve months we have performed work for all of the top 20 companies in the large biopharmaceutical market. We believe we have increased our market share significantly in recent years and are well poised to continue growing our customer base.

***Outstanding financial performance.*** We have achieved significant revenue and EBITDA growth over the past several years. For example, during fiscal year 2013, we increased our net service revenue, Adjusted EBITDA and Adjusted Net Income by 12.7%, 25.1%, and 462.2%, respectively, and decreased our net loss by 29.7%. We have continued this growth in the first nine months of 2014 with year-over-year growth of our net service revenue, Adjusted EBITDA and Adjusted Net Income of 24.7%, 50.5%, and 283.0% respectively, and increased our net (loss) income from a loss of \$28.6 million to net income of \$26.3 million. The momentum in our business is also reflected in the growth in our backlog and new business awards (which is the value of future net service revenue supported by contracts or pre-contract written communications from customers for projects that have received appropriate internal funding approval, are not contingent upon completion of another trial or event and are expected to commence within the next 12 months minus the value of cancellations in the same period). Backlog and new business awards are not necessarily predictive of future financial performance because they will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several years, project change orders resulting in increases or decreases in project scope and cancellations. For the period from December 31, 2012 to September 30, 2014, our backlog increased by 14.0% and net new business awards grew by 20.4% during 2013 compared to 2012. We believe our outstanding financial profile and strong momentum demonstrate the quality of the platform we have built to position ourselves for continued future growth.

***Highly experienced management team with a deep-rooted culture of quality and innovation.*** We are led by a dedicated and experienced senior management team with significant industry experience and knowledge focused on clinical development. Each of the members of our senior management has 20 years or more of relevant experience, including significant experience across the CRO and biopharmaceutical industries. Our management team has successfully grown our company into a leading CRO through a combination of organic growth and acquisitions and believes we are well positioned to further capitalize on industry growth trends.

**Growth Strategy**

The key elements of our growth strategy include:

***Focus on attractive, high-growth late-stage clinical development services market.*** We believe outsourcing late-stage clinical development services to CROs optimizes returns on invested R&D for biopharmaceutical companies. As development spend and outsourcing penetration rates continue to increase, we estimate that the late-stage clinical development services market will grow at a rate of 8% to 9% annually through 2018 and is poised to realize incremental growth relative to

Table of Contents

the overall CRO market. We believe that our core focus on the late-stage clinical development services market ideally positions us to benefit from this growth trend. Additionally, we believe that our differentiated approach of investing in highly experienced people, making better use of enabling technology and improving the process of clinical development, will allow our customers to generate superior returns.

***Leverage our expertise in complex clinical trials.*** We intend to continue to develop and leverage our therapeutic expertise in complex clinical trials. We believe that our focus on and deep expertise in complex therapeutic areas such as CNS, oncology and other complex diseases better position us to win new clinical trials in these fast growing and large therapeutic areas. This is enhanced by the use of our proprietary Trusted Process® methodology that reduces operational risk and variability by standardizing processes and minimizing delays, instills quality throughout the clinical development process and leads customers to more confident, better-informed drug development decisions.

***Capitalize on our geographic scale.*** We intend to leverage our global breadth and scale to drive continued growth. We have built our presence across key markets over time, developing strong relationships with principal investigators and clinical research sites around the world. We have expanded our patient recruitment capabilities, principal investigator relationships and local regulatory knowledge, which will continue to position us well for new customer wins in a wide array of markets. We have added geographic reach through both acquisitions and organic growth in areas such as Asia-Pacific, Latin America and the Middle East and North Africa, which we believe is critical to obtaining larger new business awards from large and mid-sized biopharmaceutical companies. Our long-term growth opportunities are enhanced by our strong reputation in emerging markets and our track record of efficiently managing trials in accordance with regional regulatory requirements.

***Continuous enhancement of our Trusted Process® methodology to deliver superior outcomes.*** We intend to continue the development and enhancement of our Trusted Process® methodology, which has delivered measurable, beneficial results for our customers and improved drug development decisions. We believe our Trusted Process® will continue to lead to high levels of customer satisfaction. Our Trusted Process® is subject to continual refinement based on feedback from therapeutic leadership, staff and customers as well as the market factors of an evolving regulatory environment and technology innovation. Our Trusted Process® uses best-in-class and industry-leading third-party technology solutions. We expect that through continuous enhancement of our Trusted Process® methodology, we will achieve better alignment of best-in-class technology to enable increased visibility into critical processes, management and controls in the drug development process. For example, a recent technology and process integration has contributed to a 25% reduction in time required for finalization of our clinical monitoring trip reports. If this integrated approach becomes the standard, and if personnel are able to be appropriately reassigned, this improvement in our productivity would equate to 55 full time equivalents of additional capacity. We intend to continue to position ourselves to quickly adopt best-in-class technology through effective third-party collaborations without the need for high capital investments and maintenance costs, driving attractive returns on capital.

***Continue proven track record of identifying and successfully integrating selective acquisitions to augment our organic growth.*** Over the past decade, we have developed a systematic approach for integrating acquisitions. We have successfully acquired and integrated ten companies. These strategic acquisitions have increased our size, scale and reach, complementing our organic growth profile as we have become a leading provider of CRO services. Our acquisitions have enabled us to expand our global service offerings across all four phases of biopharmaceutical clinical development while also allowing us to achieve significant synergies and cost reductions. For example, in March 2014 we completed the acquisition of MEK Consulting, which expanded our presence in the high-growth Middle East and North Africa market. The acquisition of MEK Consulting is representative of our future acquisition strategy. We will continue to evaluate

Table of Contents

opportunities to acquire and integrate selective tuck-in acquisitions within the CRO sector in order to strengthen our competitive position and realize attractive returns on our investments.

***Driving our human capital asset base to grow existing relationships.*** As a clinical service provider, our employees are critical to our ability to deliver our innovative operational model by engaging with customers, delivering clinical development services in a complex environment, and supporting and executing our growth strategy. All employees undergo comprehensive initial orientation and ongoing training, including a focus on our Trusted Process® methodology. Our recruiting and retention efforts are geared toward maintaining and growing a stable work force focused on delivering results for customers. We have a successful track record of integrating talent from prior acquisitions and believe we have a best-in-class pool of highly experienced project management and CRAs. A significant majority of our CRAs are specifically trained in individual therapeutic areas, with over 60% of our CRAs focused on CNS, oncology or other complex diseases. In addition, 85% of our CRAs are principally focused in one therapeutic area, and over 70% of our CRAs are solely focused in their area of expertise. In addition, our voluntary employee turnover rate has decreased annually since 2012.

**Our History**

Founded more than two decades ago as an academic CNS research organization, we have translated that expertise into a global organization with a number of therapeutic specialties, as well as full data services and regulatory capabilities. Over the past decade, we have increased our size, scale and reach to become a leading provider of CRO services for the largest clinical trials. We have successfully acquired and integrated ten companies, which significantly expanded our global footprint and broadened our therapeutic coverage. These acquisitions expanded service offerings across all phases of clinical development and increased our geographic presence in Asia-Pacific, Latin America and the Middle East and North Africa.

**Overview of the Four Tenets of Clinical Development**

Clinical development is a critical step in the process of bringing a new drug therapy to market. We are exclusively focused on Phase I to Phase IV clinical development services for the biopharmaceutical and medical device industries. We assist our customers in advancing their pipelines of innovative investigational therapies with the goal of extending and/or enhancing the lives of patients. The essence of clinical development services are rooted in the following four tenets:

*Valid scientific hypothesis and ability to run a trial*

We engage with our customers early in the clinical development process to strategically evaluate the trial design that will support the customers' objectives for the trial. Using therapeutic and operational expertise, our goal is to support our customers by objectively and rationally assessing the strengths and weaknesses of a trial, threats posed by a competitive landscape, resource requirements and, ultimately the prospects of success on the trial, measured by analysis of the hypothesis against final data.

*Operationally valid/feasible protocol*

We combine long-standing therapeutic expertise and focus on operational excellence with innovative technologies in an effort to optimize the customers' protocol, thereby creating efficiencies and reducing associated clinical drug development costs. Our approach converts the protocol design into structured data by generating a "line of sight" that links trial procedures, endpoints and study objectives. We then perform a detailed analysis of the protocol to determine if the protocol design is complete and "fit-for-purpose." By helping our customers develop a well-designed protocol, we help our customers reduce the risk of regulatory or ethics rejection, help generate enthusiasm from principal investigators to participate in the trial and generate interest from potential patients to enroll.

Table of Contents

*Motivated, high quality principal investigators*

We have developed a forward thinking strategy to improve site engagement by holistically understanding, selecting and managing clinical research principal investigators and sites. We develop an in-depth understanding of the therapeutic area and how the trial fits in a competitive landscape in order to identify the most appropriate principal investigators and sites for specific trials. We believe that if the trial is scientifically and/or clinically interesting and involves a reasonable administrative burden, principal investigators are more motivated to participate which is part of the impetus for us to engage customers early in trial design and protocol development. We also work to create seamless, proactive ways to track principal investigator and site data related to site qualification and experience, site facilities and previous site performance.

*Motivated, informed and protocol-eligible patients*

Our therapeutic focus allows us to understand patient groups in a specific therapeutic area, customizing the most effective plan for recruitment and retention of patients on a trial. We utilize data to evaluate evidence-based strategies for recruitment of patients in a clinical study respective to therapeutic requirements, geographic distribution and customer trial objectives. Our strategies address how we support sites with training tools and materials to increase the probability of patient participation from start-to-finish in a clinical trial by working to improve patient-site relationships, patient desire to participate in a clinical trial, and improve enrollment of eligible patients who are better informed of the clinical trial. We leverage our strong therapeutic expertise and focus, fit-for-purpose technology and optimized process execution to provide best in class global clinical development services to the biopharmaceutical industry, aiming to reduce cost and time to the delivery of actionable data.

**Our Services**

Our extensive range of services supports the entire clinical development process from Phase I to Phase IV and allows us to offer our customers an integrated suite of investigative site support and clinical development services. We offer these services across a wide variety of therapeutic areas with deep clinical expertise with a primary focus on Phase II to Phase IV clinical trials. We provide total biopharmaceutical program development while also providing discrete services for any part of a trial. The combination of service area experts and the depth of clinical capability allows for enhanced protocol design and actionable trial data. Our comprehensive suite of clinical development services includes, but is not limited to:

Clinical Trial Management	Clinical Development Services		Post-Approval Services
	Data Services	Strategic and Regulatory Services	
Patient recruitment and retention	Clinical data management	Strategic development services	Specialized support for patient registries
Project management	Electronic data capture	Regulatory consulting and submissions	Safety surveillance studies, prospective observational studies
Clinical monitoring	Biostatistics	Clinical operations optimization	Health outcome research
Drug safety/ pharmacovigilance		Pricing and reimbursement planning	Patient reported outcomes

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Medical affairs

Phase IV effectiveness trials

Quality assurance

Health economics studies and  
retrospective chart reviews

Regulatory and medical writing

Functional Service

101

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Table of Contents

***Clinical Trial Management***

We offer a variety of select and stand-alone clinical trial services as well as full-service, global studies through our clinical development services. Our key clinical trial management services include the following:

*Patient Recruitment and Retention.* Our patient recruitment services group helps identify and manage appropriate vendors, focuses on patient recruitment and retention strategies and acts as a liaison to media outlets and other vendors that we have validated.

*Project Management.* Our project managers provide customer-focused leadership in managing clinical trials and are accountable for the successful execution of all assigned projects, where success includes on-time, on-budget, and high quality results that lead to satisfied customers. Project managers have the skills, education, experience and training to support the successful conduct of clinical studies.

*Clinical Monitoring.* Our clinical monitors oversee the conduct of a clinical trial by working with and monitoring clinical research sites to assure the quality of the data. The clinical monitor ensures the trial is conducted according to GCP, International Conference on Harmonisation, or ICH, guidelines and local regulations, to meet the customers' and regulatory authorities' requirements according to the study protocol. CRAs engage with clinical research sites in site initiation, training and patient recruitment. We deploy and manage clinical monitoring staff in all regions of the globe. By maintaining a therapeutic focus, we attract CRAs who have a strong desire to dedicate themselves to working within CNS, oncology and other complex diseases, providing an environment where they can further develop their expertise in their chosen therapeutic area of interest.

*Drug Safety/Pharmacovigilance.* Our drug safety teams are strategically located across the United States, Europe, Latin America and Asia-Pacific. We provide global drug safety expertise in all phases of clinical research for serious adverse event/adverse event collection, evaluation, classification, reporting, reconciliation, post-marketing safety and pharmacovigilance.

*Medical Affairs.* We have in-house physicians who provide 24/7 medical monitoring, scientific and medical support for project management teams and clinical research sites. These in-house physicians consist of senior clinicians and former clinical researchers with patient care and trial management expertise.

*Quality Assurance.* Quality control steps are built into all of our processes. We have an independent quality assurance department that, in addition to conducting independent audits of all ongoing projects and processes as part of our internal quality assurance program, offers contracted quality assurance services to customers, including audits of clinical research sites and of various vendors to the clinical research industry; 'mock' regulatory inspections and clinical research site inspection-readiness training; standard operating procedure development; and quality assurance program development/consultation. Our customers also engage us to conduct third-party audits on behalf of their studies.

*Regulatory and Medical Writing.* We also offer regulatory and medical writing expertise across the entire biopharmaceutical product lifecycle. Our team has hands-on regulatory and medical writing knowledge gained through experience from working in large biopharmaceutical companies, as well as high-growth, small and mid-sized biopharmaceutical companies, CROs and the FDA. Additionally, each member is trained in FDA regulations, including GCP/standard operating practice compliance guidelines and guidelines established by the ICH.

*Functional Services.* Our functional service provider, or FSP, offering is a tool to help sponsors review their approach to key functional areas of clinical research, specifically those



Table of Contents

areas not core to their clinical development business. The aim of implementing an FSP approach is greater predictability and more consistent delivery of services across all protocols. We currently operate FSP hubs in North America, South America, Europe and Asia.

**Data Services**

Our data services include the following:

*Clinical Data Management.* Our clinical data management services allow us to confirm that the clinical trial database is ready, accurately populated and locked in an expeditious manner, with verification and validation procedures throughout every phase of a clinical trial. This processing is done in synchronization with the clinical team, utilizing the information provided from the trial to help ensure efficient processes are employed, regardless of the data collection method used.

*Electronic Data Capture.* To compete in today's changing global drug and device development environment, companies must collect and distribute data faster than ever before. We have the ability to manage electronic data capture, or EDC, to help our customers take advantage of the efficiencies available through this EDC, which include improved access to data, reduced cycle time, increased productivity and improved relationships with customers, vendors and other parties. We utilize three leading EDC platforms: Medidata Rave, Oracle Clinical Remote Data Capture on site and Phase Forward's InForm products. Our ability to design, build and deliver high quality databases in all three platforms enables our team to deliver effective EDC solutions.

*Biostatistics.* Our biostatistics team has a depth of experience with the FDA and European Medicines Agency, or EMA, which allows our teams to provide customers with guidance on building a statistical plan to meet regulatory and safety requirements as well as a careful analysis of the resulting study data. In addition, we provide support for independent drug safety monitoring boards and a full range of related services. Our biostatisticians are also heavily involved in our Trusted Process® methodology, so that protocol and project development can be grounded in advanced statistical methodology. As part of a project team, our biostatisticians can provide data oversight throughout a clinical trial and address any data or data handling issues that may arise.

**Strategic and Regulatory Services**

*Strategic Services.* Our strategic consulting group focuses on maximizing the value of scientific knowledge, intellectual property and portfolio content. The key areas of advisory services include strategic drug development, clinical development plans, registration strategies, exit strategies, transitional clarity, good practice compliance strategies, clinical operations optimization, pricing and reimbursement and due diligence. Strategic consultants include senior executives from medical and regulatory affairs, clinical research, biostatistics and data management. These individuals provide expertise gained through hands-on experience as former executives from biopharmaceutical companies, CROs and regulatory agencies.

*Regulatory Services.* We offer regulatory expertise across the entire biopharmaceutical product lifecycle. Our regulatory affairs practice has a global presence with offices in North America, Europe and Asia-Pacific. In addition, subject matter experts are located worldwide to provide global regulatory coverage. Global regulatory services include worldwide regulatory submissions, regulatory strategy and agency meetings, early development consultancy, data safety monitoring board and data review committee management, chemistry manufacturing and controls, contemporary regulatory interpretation, investigational new drug, or IND, applications and clinical trial authorizations.



Table of Contents

***Post-Approval Services***

Our post-approval services are focused on efficient delivery of studies and support programs. These studies and programs include specialized support for patient registries, safety surveillance studies, prospective observational studies, health outcome research, patient reported outcomes, Phase IV effectiveness trials, health economics studies and retrospective chart reviews. Our proprietary post-approval study management system provides real-time support for clinical research sites and up-to-date status reports of sponsors.

***Our Trusted Process® Methodology***

We perform each of these service offerings through our proprietary, operational approach to clinical trials. Our Trusted Process® is a metrics-driven methodology that we employ to deliver superior results to our customers. We developed this process to improve reliability and predictability of clinical trial project management. Our Trusted Process® methodology has allowed us to reduce operational risk and variability as well as provide faster cycle times. This has resulted in greater operating efficiency, highly predictable project timelines and enhanced customer satisfaction and retention rates.

The Trusted Process® methodology is divided into four sub-processes which correlate with the key phases of a clinical project:

**PlanActivation®** the *design* phase where a project is analyzed and a strategy developed utilizing our therapeutic and clinical experience, forming the basis of a customized project proposal. The strategy continues to be refined based on discussions with the customer through new business award.

**QuickStart®** the *initiating* phase which serves to align the customer's and our project teams to a single set of objectives, create shared expectations and develop a joint plan for project implementation.

**ProgramAccelerate®** the *execution and control* phase which includes the processes of patient recruitment as well as clinical monitoring and data management. Data is proactively processed and reviewed to ensure quality and project timelines are actively managed, while maintaining strong relationships with investigative sites.

**QualityFinish®** the *closing* phase which is triggered by the first enrolled patient completing the clinical trial. This phase is focused on assuring high quality, actionable data is used to develop the final deliverables which make up the basis of the documentation necessary for filing with regulatory agencies.

Since 2006, we have conducted studies using the tools and discipline of the Trusted Process®. We accomplish standardized delivery through support from a company-wide Project Management Office, or PMO, which defines, maintains and improves procedures relating to the Trusted Process® and ensures consistent application globally. Using this innovative operating model, we have reduced median study start-up time (defined as the period from finalized protocol to first patient enrolled) on new projects by 26%. Based on industry sources for the median study start-up time for the pharmaceutical industry, we believe we achieve this milestone for our customers at a significantly faster pace than industry medians, primarily due to our proprietary Trusted Process® operating model.

**Customers**

We have a well-diversified, loyal customer base that includes many of the world's largest biopharmaceutical companies, which we define as the top 50 biopharmaceutical companies measured by annual drug revenue. In addition, we have strong relationships with small and mid-sized biopharmaceutical customers that seek our services for our therapeutic expertise and full-service offering.

Table of Contents

Since December 31, 2010, we have significantly increased our exposure to large biopharmaceutical customers through both acquisitions and organic growth, providing us the opportunity to compete for large, global late-stage clinical development trials, preferred provider lists and strategic multi-year relationships. For the year ended December 31, 2013, our net service revenue attributable to large biopharmaceutical companies represented approximately 57% of our total net service revenue and net service revenue attributable to small and mid-sized biopharmaceutical companies represented approximately 43%. Additionally, we serve customers in a variety of locations throughout the world, with approximately 47.9% of our workforce headcount based in the United States and Canada, 34.9% in Europe, 9.2% in Asia-Pacific, 7.0% in Latin America and 1.0% in the Middle East and Africa as of September 30, 2014. This diversification allows us to grow our business in multiple customer segments and geographies. For the year ended December 31, 2013, our top five customers accounted for approximately 34%, and our largest customer, Otsuka, accounted for approximately 15%, of our total net service revenues. Further, our revenue from our top 5 customers for the year ended December 31, 2013 was diversified across approximately 54 compounds in 64 indications across 132 active projects.

Our top ten customers have worked with us for an average of six years as of December 31, 2013. We also have an attractive, growing list of "preferred provider" and/or strategic alliance relationships. Further, among the majority of our customers, revenue is diversified by multiple projects for a variety of compounds. For example, 47 of our customers have active projects in more than one therapeutic area, making up 60% of our total net service revenue for the year ended December 31, 2013. We believe that the tenure of our customer relationships as well as the depth of penetration of our services reflects our strong reputation and track record.

**New Business Awards and Backlog**

We add new business awards to backlog when we enter into a contract or letter of intent or when we receive a written commitment from the customer selecting us as its service provider. Contracts generally have terms ranging from several months to several years. We recognize revenue on these awards as services are performed, provided we have entered into a contractual commitment with the customer. Our new business awards, net of cancellations of prior awards, for the years ended December 31, 2011, 2012 and 2013 were approximately \$449.3 million, \$676.3 million and \$814.2 million, respectively, and were \$529.0 million and \$633.5 million for the nine months ended September 30, 2013 and September 30, 2014, respectively.

Backlog consists of anticipated future net service revenue from contracts, letters of intent and other written forms of commitments that either have not started but are anticipated to begin in the near future, or are in process and have not been completed. The majority of our contracts can be terminated by our customers with 30 days' notice. Our backlog also reflects any related cancellation or adjustment activity. Our backlog as of December 31, 2011, 2012 and 2013 was approximately \$1.2 billion, \$1.3 billion and \$1.5 billion, respectively, and was \$1.5 billion as of September 30, 2014. Included within backlog at September 30, 2014 is approximately \$0.2 billion that we expect to generate revenue in 2014 and \$0.7 billion in 2015, with the remainder expected to generate revenue beyond 2015. Backlog is not necessarily indicative of future financial performance because it will likely be impacted by a number of factors, including the size and duration of projects which can be performed over several years, project change orders resulting in increases or decreases in project scope and cancellations.

No assurance can be given that we will be able to realize the net service revenue that is included in the backlog. See "Risk Factors Risk Relating to Our Business Our backlog might not be indicative of our future revenues, and we might not realize all the anticipated future revenue reflected in our backlog," and "Management's Discussion and Analysis of Financial Condition and Results of Operations New Business Awards and Backlog" for more information.

Table of Contents

**Sales and Marketing**

We employ a team of business development sales representatives and support staff that promote, market and sell our services to biopharmaceutical companies primarily in North America, Europe, Latin America and Asia-Pacific. In addition to significant selling experience, many of these individuals have technical and/or scientific backgrounds.

Our business development team works with our senior executives, therapeutic leaders and project team leaders to maintain key customer relationships and engage in business development activities. For many of our largest customer relationships, we have dedicated strategic account management teams to provide customers with a single point of contact to support delivery, cultural and process integration and to facilitate cross-selling opportunities.

We use integrated and customer-focused business development teams to develop joint sales plans for key accounts. We also place our business development personnel with strong operational experience around the globe to help ensure project demands are fulfilled. Each business development employee is generally responsible for a specific group of customers and for strengthening and expanding an effective relationship with that customer. Each individual is responsible for developing his or her customer base on our behalf, responding to customer requests for information, developing and defending proposals, and making presentations to customers.

As part of each customer proposal, our business development personnel consult with potential biopharmaceutical customers early in the project consideration stage in order to determine their requirements. We involve our therapeutic, operational, technical and/or scientific personnel early in each proposal and, accordingly, these individuals along with our business development representatives invest significant time to determine the optimal means to design and execute the potential customer's program requirements. As an example, recommendations we make to a potential customer with respect to a drug development study design and implementation are an integral part of our bid proposal process and an important aspect of the integrated services we offer. Our preliminary efforts relating to the evaluation of a proposed clinical protocol and implementation plan, along with the therapeutic expertise and advice we provide during this process, enhance the opportunity for accelerated initiation and overall success of the trial.

Our marketing team supports our business development organization through various marketing activities to drive brand awareness and positioning, consisting primarily of market and competitive analysis, brand management, market information and collateral development, participation in industry conferences, advertising, e-marketing, publications, and website development and maintenance.

**Competition**

We compete primarily against other full-service CROs and services provided by in-house R&D departments of biopharmaceutical companies, universities and teaching hospitals. Although the CRO industry has experienced increased consolidation over the past three years, the landscape remains fragmented. Our major competitors include Covance, Inc., ICON plc, inVentiv Health, Inc., PAREXEL International Corporation, Pharmaceutical Product Development, LLC, PRA Health Sciences, Quintiles Transnational Holdings Inc. and numerous specialty and regional players. We generally compete on the basis of the following factors:

experience within specific therapeutic areas;

the quality of staff and services;

the range of services provided;

the ability to recruit principal investigators and patients into studies expeditiously;

the ability to organize and manage large-scale, global clinical trials;

an international presence with strategically located facilities;



Table of Contents

medical database management capabilities;

the ability to deploy and integrate IT systems to improve the efficiency of contract research;

experience with a particular customer;

the ability to form strategic partnerships;

speed to completion;

financial strength and stability;

price; and

overall value.

Notwithstanding these competitive factors, we believe that our deep therapeutic expertise, global reach and operational strength differentiate us from our competitors.

**Government Regulation**

Regardless of the country or region in which approval is being sought, before a marketing application for a drug is ready for submission to regulatory authorities, the candidate drug must undergo rigorous testing in clinical trials. The clinical trial process must be conducted in accordance with the Federal Food, Drug and Cosmetic Act in the United States and similar laws and regulations in the relevant foreign jurisdictions. These laws and regulations require the drug to be tested and studied in certain ways prior to submission for approval.

In the United States, the FDA regulates the conduct of clinical trials of drug products in human subjects, the form and content of regulatory applications. The FDA also regulates the development, approval, manufacture, safety, labeling, storage, record keeping, and marketing of drug products. The FDA has similar authority and similar requirements with respect to the clinical testing of biological products and medical devices. In the EU, and other jurisdictions where our customers intend to apply for marketing authorization, similar laws and regulations apply. Within the EU, these requirements are enforced by the EMA, and requirements may vary slightly from one member state to another. In Canada, clinical trials are regulated by the Health Products Food Branch of Health Canada as well as provincial regulations. Similar requirements also apply in other jurisdictions, including Australia, Japan, and other Asian states, where we operate or where our customers may intend to apply for marketing authorization. Sponsors of clinical trials also follow ICH E6 guidelines.

Our services are subject to various regulatory requirements designed to ensure the quality and integrity of the clinical trial process. In the United States, we must perform our clinical development services in compliance with applicable laws, rules and regulations, including GCP, which govern, among other things, the design, conduct, performance, monitoring, auditing, recording, analysis, and reporting of clinical trials. Before a human clinical trial may begin, the manufacturer or sponsor of the clinical product candidate must file an IND with the FDA, which contains, among things, the results of preclinical tests, manufacturer information, and other analytical data. A separate submission to an existing IND must also be made for each successive clinical trial conducted during product development. Each clinical trial must be conducted pursuant to, and in accordance with, an effective IND. In addition, under GCP, each human clinical trial we conduct is subject to the oversight of an independent institutional review board, or IRB, which is an independent committee that has the regulatory authority to review, approve and monitor a clinical trial for which the IRB has responsibility. The FDA, the IRB, or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the study subjects are being exposed to an unacceptable health risk.

Clinical trials conducted outside the United States are subject to the laws and regulations of the country where the trials are conducted. These laws and regulations may or may not be similar to the laws and regulations administered by the FDA and other laws and regulations regarding the protection of patient safety and privacy and the control of study pharmaceuticals, medical devices or other study materials. Studies

conducted outside the United States may also be subject to

Table of Contents

regulation by the FDA if the studies are conducted pursuant to an IND or an investigational device exemption for a product candidate that will seek FDA approval or clearance. It is the responsibility of the study sponsor or the parties conducting the studies to ensure that all applicable legal and regulatory requirements are fulfilled.

In order to comply with GCP and other regulations, we must, among other things:

comply with specific requirements governing the selection of qualified principal investigators and clinical research sites;

obtain specific written commitments from principal investigators;

obtain IRB review and approval and supervision of the clinical trials by an independent review board or ethics committee;

obtain favorable opinion from regulatory agencies to commence a clinical trial;

verify that appropriate patient informed consents are obtained before the patient participates in a clinical trial;

ensure that adverse drug reactions resulting from the administration of a drug or biologic during a clinical trial are medically evaluated and reported in a timely manner;

monitor the validity and accuracy of data;

monitor drug or biologic accountability at clinical research sites; and

verify that principal investigators and study staff maintain records and reports and permit appropriate governmental authorities access to data for review.

Similar guidelines exist in various states and in other countries. We may be subject to regulatory action if we fail to comply with applicable rules and regulations. Failure to comply with certain regulations may also result in the termination of ongoing research and disqualification of data collected during the clinical trials. For example, violations of GCP could result, depending on the nature of the violation and the type of product involved, in the issuance of a warning letter, suspension or termination of a clinical study, refusal of the FDA to approve clinical trial or marketing applications or withdrawal of such applications, injunction, seizure of investigational products, civil penalties, criminal prosecutions, or debarment from assisting in the submission of new drug applications. See "Risk Factors Risks Related to Our Business If we fail to perform our services in accordance with contractual requirements, regulatory standards and ethical considerations, we could be subject to significant costs or liability and our reputation could be harmed."

We monitor our clinical trials to test for compliance with applicable laws and regulations in the United States and the foreign jurisdictions in which we operate. We have adopted standard operating procedures that are designed to satisfy regulatory requirements and serve as a mechanism for controlling and enhancing the quality of our clinical trials. In the United States, our procedures were developed to ensure compliance with GCP and associated guidelines.

In addition to its comprehensive regulation of safety in the workplace, the U.S. Occupational Safety and Health Administration has established extensive requirements relating to workplace safety for healthcare employers whose workers might be exposed to blood-borne pathogens such as HIV and the hepatitis B virus. Furthermore, certain employees might have to receive initial and periodic training to ensure compliance with applicable hazardous materials regulations and health and safety guidelines. We are subject to similar regulations in Canada and Spain.

The U.S. Department of Health and Human Services has promulgated rules under HIPAA that govern the use, handling and disclosure of personally identifiable medical information. Although we do not consider that our activities generally cause us to be subject to HIPAA as a

covered entity, we endeavor to embrace sound identity protection practices. These regulations also establish procedures for the exercise of an individual's rights and the methods permissible for de-identification of health information. We are also subject to privacy legislation in Canada under the federal Personal Information and Electronic Documents Act, the Act Respecting the Protection



Table of Contents

of Personal Information in the Private Sector and the Personal Health Information Protection Act, and privacy legislation in the EU under the 95/46/EC Privacy Directive on the protection and free movement of personal data. We were one of the first CROs to become Safe Harbor certified under the jurisdiction of the Federal Trade Commission.

**Intellectual Property**

We develop and use a number of proprietary methodologies, analytics, systems, technologies and other intellectual property in the conduct of our business. We rely upon a combination of confidentiality policies, nondisclosure agreements and other contractual arrangements to protect our trade secrets, and copyright and trademark laws to protect other intellectual property rights. We have obtained or applied for trademarks and copyright protection in the United States and in a number of foreign countries. Our material trademarks include Trusted Process®, PlanActivation, QuickStart, ProgramAccelerate, QualityFinish and INC Research. Although the duration of trademark registrations varies from country to country, trademarks generally may be renewed indefinitely so long as they are in use and/or their registrations are properly maintained, and so long as they have not been found to have become generic. Although we believe the ownership of trademarks is an important factor in our business and that our success does depend in part on the ownership thereof, we rely primarily on the innovative skills, technical competence and marketing abilities of our employees. We do not have any material licenses, franchises or concessions.

**Employees**

As of September 30, 2014 we had approximately 5,500 full-time equivalent employees worldwide, with approximately 47.9% in the United States and Canada, 34.9% in Europe, 9.2% in Asia-Pacific, 7.0% in Latin America and 1.0% in the Middle East and Africa. None of our employees are covered by a collective bargaining agreement and we believe our overall relations with our employees are good. As of December 31, 2012 and December 31, 2013, we had approximately 4,850 and 4,890 employees, respectively. Employees in certain of our non-U.S. locations are represented by workers' councils as required by local laws.

The level of competition among employers in the United States and overseas for skilled personnel is high. We believe that our brand recognition and our multinational presence are advantages in attracting qualified candidates. In addition, we believe that the wide range of clinical trials in which we participate allows us to offer broad experience to clinical researchers.

**Properties**

As of September 30, 2014, we had 76 facilities located in 43 countries. During the year ended December 31, 2013, we utilized approximately 66% of our facilities, and during the nine months ended September 30, 2014, we utilized approximately 76% of our facilities. Most of our facilities consist solely of office space. We lease all of our facilities, with the exception of office space owned in Madrid, Spain. Our principal executive offices are located in Raleigh, North Carolina, where we lease space in two locations totaling approximately 185,000 square feet. The leases for both of the Raleigh sites expire in 2019.

In addition, we lease substantial facilities in Austin, Texas; Beijing, China; Camberley, United Kingdom; Cincinnati, Ohio; Mexico City, Mexico; Munich, Germany; Paris, France; Toronto, Canada and Wilmington, North Carolina with leases expiring between 2015 and 2019. We also maintain offices in various other Asian-Pacific, European, Latin American and North American locations, including Australia, India, the Middle East and Africa. None of our leases is individually material to our business model and all have either options to renew or are located in major markets with adequate opportunities to continue business operations at terms satisfactory to us.

Table of Contents

**Indemnification and Insurance**

In conjunction with our clinical development services, we employ or contract with research institutions and in some jurisdictions principal investigators and pharmacies on behalf of biopharmaceutical companies to serve as research centers and principal investigators in conducting clinical trials to test new drugs on human volunteers. Such testing creates the risk of liability for personal injury or death of volunteers, particularly to volunteers with life-threatening illnesses, resulting from adverse reactions to the drugs administered. It is possible that we could be held liable for claims and expenses arising from any professional malpractice of the principal investigators with whom we contract or employ, or in the event of personal injury to or death of persons participating in clinical trials. In addition, as a result of our operation of Phase I clinical trial facilities, we could be liable for the general risks associated with clinical trials including, but not limited to, adverse events resulting from the administration of drugs to clinical trial participants or the professional malpractice of medical care providers. We also could be held liable for errors or omissions in connection with the services we perform through each of our service groups. For example, we could be held liable for errors or omissions, or breach of contract, if monitoring obligations have been transferred to us, and one of our clinical research associates inaccurately reports from source documents or fails to adequately monitor a human clinical trial resulting in inaccurately recorded results.

We have sought to reduce our risks by implementing the following where practicable:

securing contractual assurances such as indemnification provisions and provisions seeking to limit or exclude liability contained in our contracts with customers, institutions, pharmacies, vendors and principal investigators;

securing contractual and other assurances that adequate insurance will be maintained to the extent applicable by customers, institutions, pharmacies, vendors, principal investigators and by us; and

complying with various regulatory requirements, including monitoring that the oversight of independent review boards and ethics committees are intact where obligations are transferred to us and monitoring the oversight of the procurement by the principal investigator of each participant's informed consent to participate in the study.

The contractual indemnifications we have generally do not fully protect us against certain of our own actions, such as negligence. Contractual arrangements are subject to negotiation with customers, and the terms and scope of any indemnification, limitation of liability or exclusion of liability may vary from customer to customer and from trial to trial. Additionally, financial performance of these indemnities is not secured. Therefore, we bear the risk that any indemnifying party against which we have claims may not have the financial ability to fulfill its indemnification obligations to us.

While we maintain professional liability insurance that covers the locations in which we currently do business and that covers drug safety issues as well as data processing and other errors and omissions, it is possible that we could become subject to claims not covered by insurance or that exceed our coverage limits. We could be materially and adversely affected if we were required to pay damages or bear the costs of defending any claim that is outside the scope of, or in excess of, a contractual indemnification provision, beyond the level of insurance coverage or not covered by insurance, or in the event that an indemnifying party does not fulfill its indemnification obligations.

**Legal Proceedings**

We are party to legal proceedings incidental to our business. While our management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our consolidated financial statements, litigation is subject to inherent uncertainties. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on our financial condition and results of operations.

Table of Contents**MANAGEMENT****Executive Officers and Directors**

The following table sets forth certain information concerning our executive officers and directors as of the date set forth on the cover page of this prospectus:

<b>Name</b>	<b>Age</b>	<b>Position</b>
D. Jamie Macdonald	46	Chief Executive Officer and Director
Gregory S. Rush	47	Executive Vice President and Chief Financial Officer
Alistair Macdonald	44	Chief Operating Officer
Christopher L. Gaenzle		Chief Administrative Officer, General Counsel and
	47	Secretary
James T. Ogle	70	Chairman of the Board
James A. Bannon	61	Director
Robert W. Breckon	57	Director
David F. Burgstahler	46	Director
Steve Faraone	40	Director
Charles C. Harwood, Jr.	61	Director
Terry Woodward	47	Director

The following is a biographical summary of the experience of our executive officers and directors:

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

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

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

*Gregory S. Rush Executive Vice President and Chief Financial Officer*

Greg Rush joined our Company in August 2013 as Executive Vice President and Chief Financial Officer and has continued to serve in that role. From April 2010 to August 2013, Mr. Rush served as Senior Vice President and Chief Financial Officer of Tekelec, Inc., which was acquired by Oracle Corporation in June 2013, after serving as Interim Chief Financial Officer in March 2010. Mr. Rush joined Tekelec as Vice President and Corporate Controller in May 2005 and served as Vice President, Corporate Controller and Chief Accounting Officer from May 2006 to March 2010. His previous experience also includes roles in various senior financial positions with Siebel Systems, Inc., Quintiles Transnational Holdings Inc., PricewaterhouseCoopers and Ernst & Young.

Table of Contents

Mr. Rush received his Bachelor of Science in Business and Master of Accounting degrees from the University of North Carolina at Chapel Hill, graduating with honors, and is a Certified Public Accountant.

*Alistair Macdonald Chief Operating Officer*

Alistair Macdonald has been our Chief Operating Officer since January 2013. He joined our Company in 2002 and has served in various senior leadership roles during that time. Prior to his current role, Mr. Macdonald most recently served as our President, Clinical Development Services from March 2012 to January 2013, where he oversaw Study Start-up, Regulatory Consulting and Submissions, Drug Safety, Phase I Services, Global Clinical Operations Management, Alliance Delivery and Functional Service Provision and our Latin America region. He also served as Executive Vice President of our Global Oncology Unit from February 2011 to March 2012, Executive Vice President, Strategic Development from October 2009 to February 2011, and Senior Vice President, Biometrics from May 2002 to September 2009. He received his Master of Science in Environmental Diagnostics from Cranfield University.

*Christopher L. Gaenzle Chief Administrative Officer, General Counsel and Secretary*

Chris Gaenzle joined our Company in April 2012 as General Counsel and Secretary and has continued to serve in that role. Since August 2013, he has also served as our Chief Administrative Officer. Prior to joining our Company, Mr. Gaenzle served for five years in various senior legal positions at Pfizer Inc., where he was most recently Assistant General Counsel from 2010 to 2012. Prior to Pfizer, Mr. Gaenzle was a partner at Hunton and Williams LLP, where he was a practicing attorney from 1998 to 2007. Mr. Gaenzle has 20 years of private practice and corporate legal experience, the majority of which is in the pharmaceutical, medical and clinical research industries. Mr. Gaenzle received his Bachelor of Arts from Colgate University and his J.D. from Syracuse University.

**Non-Employee Directors**

*James T. Ogle Chairman of the Board*

Jim Ogle joined our Company in June 2003 and served as Chief Executive Officer from July 2003 to December 2012. He has served as a member of our Board since June 2003 and became Chairman of the Board in September 2010. Mr. Ogle has been non-employee Chairman of the Board since January 2013. He is also a member of the compensation committee. He was previously the Chief Operating Officer of Nascent Pharmaceuticals, a private biotechnology company from 2002 to 2003 and a director of Nascent Pharmaceuticals from 2002 to 2004. Mr. Ogle also was a director of OpGen, Inc., a company specializing in genomic and DNA analysis systems and services, from 2001 to 2007. Prior to that, Mr. Ogle was an executive at Quintiles Transnational Holdings Inc., where he served as President and Chief Operating Officer of the Quintiles Product Development Group from 1998 to 2000 and as President of Quintiles America from 1996 to 1998. He served as Chief Operating Officer and subsequently as Chief Executive Officer of BRI International, a privately-held international CRO from 1992 to 1996, before its sale to Quintiles. Prior to that, Mr. Ogle served from 1986 to 1992 as both Vice-President and President of ERC BioServices Corporation, a contractor specializing in biomedical research. Mr. Ogle received his Bachelor of Science from the United States Military Academy at West Point and his Master of Science in Industrial Engineering from the University of Alabama.

We believe Mr. Ogle's perspective as our Chairman of the Board and our former Chief Executive Officer, his knowledge of and experience with both the operations of our Company and

Table of Contents

the CRO industry generally, and his extensive leadership experience, all qualify him to serve as one of our directors.

*James A. Bannon Director*

Jim Bannon has served as a member of our Board since November 2010 and is a member of the audit committee. Dr. Bannon currently serves as the Executive Chairman for IndiPharm Clinical Research Service, a CRO with clinical operations in India. Dr. Bannon previously served on the board of directors of Bio-Imaging Technologies, Inc. (now BioClinica) from 2002 to 2005. He also served as the Group President for several late-stage Covance Inc. businesses from 1997 to 2006, including Clinical, Central Diagnostics, IVRS and Periapproval Services. Prior to that, Dr. Bannon held executive positions at Corning Pharmaceutical Services from 1991 to 1996, including serving as the General Manager of the Corning periapproval business. Dr. Bannon received his Bachelor of Science and Doctorate in Pharmacy from The Philadelphia College of Pharmacy and Sciences.

We believe Dr. Bannon's extensive knowledge and experience in clinical research and his leadership experiences in pharmaceutical and biopharmaceutical services businesses, along with his knowledge and expertise in standardization and consistent service delivery techniques, brings to our Board critical skills important to providing quality, standardized services to our customers and maintaining corporate and operational controls throughout our company, all of which qualifies him to serve as one of our directors.

*Robert W. Breckon Director*

Robert Breckon has served as a member of our Board since September 2011 and is a member of the audit committee. Mr. Breckon currently serves as President of Breckon Consultants Inc., which provides consulting services in the healthcare sector, and has been a Senior Advisor of Teachers' Private Capital, since July 2010. He also served as Senior Vice President, Strategy & Corporate Development at MDS Inc., a leading provider of products and services to the global life sciences markets now known as Nordion Inc., from 2005 to 2010, where he led acquisitions and post-acquisition integration assignments in North America, Europe and Asia. Prior to that, he held various senior-level general management positions including VP and General Manager of AutoLab Systems from 1995 to 1999. Mr. Breckon was also a partner at Ernst & Young LLP from 1990 to 1992. Mr. Breckon has served on the boards of numerous public and private companies in the United States and Canada, including Heartland Dental, Xenogen Corporation, Evolved Digital Systems Inc., Systems Xcellence Inc., Automated Systems, Inc., InPhact Inc., MDS Proteomics, Hudson Valley Laboratories and Careforce International. Mr. Breckon received his Bachelor of Science in Computer Science and Commerce from the University of Toronto and has completed the Harvard Business School Advanced Management Program.

We believe Mr. Breckon's financial, accounting, acquisition and business experience in the health and life sciences industry, and experience serving on public and private boards brings to our Board important skills and qualify him to serve as one of our directors.

*David F. Burgstahler Director*

David Burgstahler has served as a member of our Board since September 2010 and is a member of the compensation committee. Mr. Burgstahler is a founding partner of Avista since 2005 and since 2009, has been President of Avista. Prior to forming Avista, he was a partner of DLJMB. He was at DLJ Investment Banking from 1995 to 1997 and at DLJMB from 1997 through 2005. Prior to that, he worked at Andersen Consulting (now known as Accenture) and McDonnell Douglas (now known as Boeing). He holds a Bachelor of Science in Aerospace Engineering from the University of Kansas and a Master of Business Administration from Harvard Business School. He currently serves

Table of Contents

as a Director of AngioDynamics Inc., Armored AutoGroup Inc., ConvaTec Inc., Lantheus Holdings, Inc., Strategic Partners, Inc., Vertical/Trigen Holdings, LLC, Visant Corporation and WideOpenWest, LLC. He previously served as a Director of Warner Chilcott plc and BioReliance Holdings, Inc.

Mr. Burgstahler was chosen as a director because of his strong finance and management background, with over 18 years in banking and private equity finance. He has extensive experience serving as a director for a diverse group of private and public companies.

*Steve Faraone Director*

Steve Faraone has served as a member of our Board since December 2011. Mr. Faraone joined Teachers' Private Capital in 2002, where he currently serves as a Vice President and is responsible for the healthcare and consumer retail sectors. Prior to joining Teachers, he spent four years with a Canadian investment bank. Mr. Faraone also serves as a director of Flynn Restaurant Group, Heartland Dental, Plano Synergy and Shearer's Foods. He received his Bachelor of Commerce (Honors Finance) from the University of British Columbia and is a CFA charterholder. Mr. Faraone has also completed the Advanced Executive Program at the Kellogg School of Management at Northwestern University, and is a graduate of the Institute of Corporate Directors.

We believe that Mr. Faraone's financial and business acumen, his 14 years' experience investing in and serving as a director on a variety of companies, and his knowledge of the healthcare industry qualify him to serve as one of our directors.

*Charles C. Harwood, Jr. Director*

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

We believe Mr. Harwood's extensive knowledge and experience in the healthcare industry, and specifically his leadership roles with drug development and CRO companies, brings to our Board critical skills important to both our business and the businesses of our customers and qualify him to serve as one of our directors.

*Terry Woodward Director*

Terry Woodward has served as a member of our Board since September 2011 and is the chair of the compensation committee. Dr. Woodward currently serves as a Director of Teachers' Private Capital, which he joined in 2001. Prior to joining Teachers, Dr. Woodward held senior positions in corporate development and clinical research and development at privately-held biopharmaceutical and medical diagnostic companies in the United States. Dr. Woodward manages the fund's private equity transactions in the healthcare sector and oversees growth equity and venture capital sectors.

Table of Contents

Dr. Woodward currently serves as a director of Heartland Dental, Insight Pharmaceuticals, and the Healthcare Private Equity Association. He received his Bachelor of Science and Master of Science from Virginia Polytechnic Institute & State University, his Ph.D. from McGill University and his M.B.A. from Michigan State University.

We believe Dr. Woodward's experience and expertise in the biopharmaceutical industry, along with his experience investing in and managing various healthcare and pharmaceutical companies, bring critical skills related to analyzing and understanding the financial health of our company, as well as a broad perspective related to our Company's strategic plans and corporate governance, and qualify him to serve as one of our directors.

**Board of Directors**

Our business and affairs are managed under the direction of our Board. Our Board is responsible for the management of our business and is currently comprised of eight directors. Upon consummation of this offering, we intend to amend and restate our certificate of incorporation and bylaws to, among other things, comply with SEC and NASDAQ guidelines. The full composition of the Board will be determined at that time.

In connection with this offering, the Stockholders Agreement will be amended to provide each of the Sponsors the right to nominate two directors to our Board for as long as such Sponsor owns at least 15% of our Class A common stock, and the right to nominate one director to our Board for as long as such Sponsor owns at least 5% of our Class A common stock. Pursuant to the amended Stockholders Agreement, each Sponsor will agree to vote for the other Sponsor's nominees. In addition, the amended Stockholders Agreement provides each Sponsor with customary information rights for as long such Sponsor owns at least 5% of our outstanding Class A common stock.

Our amended and restated certificate of incorporation provides that our Board will initially consist of eight directors, and that our Board will be divided into three classes, with one class being elected at each annual meeting of stockholders. Each director will serve a three-year term, with termination staggered according to class. Class I will initially consist of two directors, Class II will initially consist of three directors, and Class III will initially consist of three directors. The size of our Board may thereafter be fixed from time to time solely by resolution of at least a majority of the directors then in office. See "Description of Capital Stock Anti-takeover Provisions."

**Director Independence and Controlled Company Exemption**

We intend to avail ourselves of the "controlled company" exemption under the corporate governance rules of the NASDAQ. Accordingly, we will not be required to have a majority of "independent directors" on our Board nor will we have a compensation committee and a corporate governance and nominating committee composed entirely of "independent directors" as defined under the rules of the NASDAQ. Further, compensation for our executives will not be determined by a majority of "independent directors" as defined under the rules of the NASDAQ. The "controlled company" exemption does not modify the independence requirements for the audit committee, and we intend to comply with the requirements of Sarbanes-Oxley and the NASDAQ, which require that our audit committee be composed of at least three members, one of whom will be independent upon the listing of our Class A common stock, a majority of whom will be independent within 90 days of listing and each of whom will be independent within one year of listing.

If at any time we cease to be a "controlled company" under the rules of the NASDAQ, our Board will take all action necessary to comply with the NASDAQ corporate governance rules, including appointing a majority of independent directors to the Board and establishing certain committees composed entirely of independent directors, subject to a permitted "phase-in" period.

Table of Contents

Our Board has affirmatively determined that Charles Harwood and Robert Breckon are independent directors under the applicable rules of the NASDAQ, and those who will serve on the audit committee are also independent directors as such term is defined in Rule 10A-3(b)(1) under the Exchange Act.

**Board Committees**

Our Board has established an audit committee and a compensation committee and will establish a nominating and corporate governance committee prior to our shares being listed on the NASDAQ. Each committee will operate under a charter that will be approved by our Board. Each committee will have the composition and responsibilities described below. Members serve on these committees until their resignations or until otherwise determined by our Board. The charter and composition of each committee will be effective upon the consummation of this offering. The charter of each committee will be available on our website.

***Audit Committee***

The primary purposes of our audit committee are to assist the Board's oversight of:

the integrity of our financial statements;

our systems of internal control over financial reporting and disclosure controls and procedures;

the qualifications, engagement, compensation, independence and performance of our independent registered public accounting firm;

our independent registered public accounting firm's annual audit of our financial statements and any engagement to provide other services;

our legal and regulatory compliance;

our related person transaction policy; and

the application of our codes of business conduct and ethics as established by management and the Board.

The audit committee is currently composed of Messrs. Bannon, Breckon and Harwood. Upon the consummation of this offering, and prior to the listing of our Class A common stock, our audit committee will be composed of Robert Breckon, David Burgstahler and Charles Harwood. Charles Harwood will serve as chair of the audit committee. Charles Harwood qualifies as an "audit committee financial expert" as such term has been defined by the Securities and Exchange Commission in Item 407(d) of Regulation S-K. Our Board has affirmatively determined that Robert Breckon and Charles Harwood meet the definition of an "independent director" for the purposes of serving on the audit committee under applicable NASDAQ rules and Rule 10A-3 under the Exchange Act. We intend to comply with these independence requirements for all members of the audit committee within the time periods specified under such rules. The audit committee will be governed by a charter that complies with the rules of the NASDAQ.

***Compensation Committee***

The primary purposes of our compensation committee are to:

assist the Board in overseeing our management compensation policies and practices, including:



determining and approving the compensation of our Chief Executive Officer;

Table of Contents

reviewing and approving incentive compensation policies and programs, and exercising discretion in the administration of those policies and programs;

reviewing and approving equity compensation programs, and exercising discretion in the administration of those programs; and

preparing the annual report of the compensation committee required by the rules of the SEC to be included in our annual report.

Messrs. Burgstahler, Ogle and Woodward currently serve on our compensation committee. Upon the consummation of this offering, and prior to the listing of our Class A common stock, our compensation committee will be composed of David Burgstahler and Terry Woodward. Terry Woodward will serve as chair of the compensation committee. The compensation committee will be governed by a charter that complies with the rules of the NASDAQ.

***Nominating and Corporate Governance Committee***

The primary purposes of our nominating and corporate governance committee will be to assist the Board in:

identifying, screening and reviewing individuals qualified to serve as directors and recommending to the Board candidates for nomination for election at the annual meeting of shareholders or to fill Board vacancies;

overseeing our policies and procedures for the receipt of shareholder suggestions regarding Board composition and recommendations of candidates or nominations by the Board;

developing, recommending to the Board and overseeing implementation of our Corporate Governance Guidelines and Principles; and

reviewing on a regular basis our overall corporate governance and recommending improvements as and when necessary.

Upon the consummation of this offering, and prior to the listing of our Class A common stock, we will establish a nominating and corporate governance committee comprised of David Burgstahler and Terry Woodward. David Burgstahler will serve as chair of the nominating and corporate governance committee. Prior to the consummation of this offering, we did not have a nominating and corporate governance committee. The nominating and corporate governance committee will be governed by a charter that complies with the rules of the NASDAQ.

**Code of Business Conduct and Ethics**

In connection with this offering, we will adopt a revised Code of Business Conduct and Ethics relating to the conduct of our business by all of our employees, officers, and directors, as well as a code of ethics specifically for our principal executive officer and senior financial officers. Additionally, we will adopt a revised Insider Trading Policy to establish guidelines for our employees, officers, and directors regarding transactions in our securities and the disclosure of material nonpublic information related to our company. The revised Code of Business Conduct and Ethics and code of ethics for our principal executive officer and senior financial officers will be posted on our website, [www.incresearch.com](http://www.incresearch.com), upon completion of this offering.

**Disclosure Committee and Charter**

We do not currently have a disclosure committee and disclosure committee charter. We plan to establish a disclosure committee following this offering and will operate under a charter. The purpose of the disclosure committee will be to provide assistance to the principal executive officer



Table of Contents

and the principal financial officer in fulfilling their responsibilities regarding the identification and disclosure of material information about us and the accuracy, completeness and timeliness of our financial reports.

**Compensation Committee Interlocks and Insider Participation**

The members of our compensation committee in 2013 were Messrs. Burgstahler, Ogle and Woodward. Mr. Burgstahler is the President of Avista, Mr. Ogle served as our Chief Executive Officer through December 31, 2012, and Mr. Woodward is a Director of Teachers. Prior to the consummation of this offering, Avista provided us with advisory services pursuant to an advisory services and monitoring agreement, which will terminate upon consummation of this offering, and has entered into other transactions with us. Prior to the consummation of this offering, Teachers received dividends on its shares of our existing Class C stock pursuant to a Class C Dividend Agreement, which will terminate upon consummation of this offering, and has entered into transactions with us. See "Certain Relationships and Related Person Transactions Advisory Services and Monitoring Agreement" and "Certain Relationships and Related Person Transactions Class C Dividend Agreement."

Upon the completion of this offering, none of our executive officers will serve on the compensation committee or board of directors of any other company of which any members of our compensation committee or any of our directors is an executive officer.

**Indemnification of Directors and Officers**

Our amended and restated certificate of incorporation provides that we will indemnify our directors and officers to the fullest extent permitted by the DGCL.

Our amended and restated certificate of incorporation provides that our directors will not be liable for monetary damages for breach of fiduciary duty, except for liability relating to any breach of the director's duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, violations under Section 174 of the DGCL or any transaction from which the director derived an improper personal benefit.

We intend to enter into new indemnification agreements with each of our directors and executive officers. These agreements, among other things, will require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer, as applicable.

We have customary directors' and officers' indemnity insurance in place for our directors and executive officers.

Table of Contents

**EXECUTIVE AND DIRECTOR COMPENSATION**

The following discussion of compensation arrangements should be read with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans and expectations regarding future compensation programs. See "Cautionary Note Regarding Forward-Looking Statements." Actual compensation programs that we adopt may differ materially from the programs summarized in this discussion.

**Overview**

The discussion below includes a review of our compensation decisions with respect to 2013 for our "named executive officers," or NEOs, namely our principal executive officer and our two other most highly compensated executive officers. Our NEOs for 2013 were:

D. Jamie Macdonald, Chief Executive Officer and Director;

Gregory S. Rush, Executive Vice President and Chief Financial Officer; and

Alistair Macdonald, Chief Operating Officer.

**Key Elements of Our Compensation Program for 2013**

In 2013, we compensated our NEOs through a combination of base salary, annual cash incentive payments under our management bonus programs, and long-term equity incentives in the form of stock options. Our executive officers are also eligible for the standard benefits programs we offer all employees, which include:

a 401(k) plan with a defined matching contribution;

life insurance;

disability insurance; and

health insurance, including medical, dental, and vision insurance.

The compensation for each of our NEOs has been designed to provide a combination of fixed and at-risk compensation that is tied to achievement of our short- and long-term objectives.

**Management Incentive Bonus Programs**

Our NEOs and other members of our management team participate in company management incentive bonus programs. Pursuant to the 2013 Management Incentive Plan, the bonus amounts participants could earn were based on performance target percentages of their eligible base earnings, which the Board set at 50% of eligible base earnings for Jamie Macdonald and Greg Rush, and 35% of eligible base earnings for Alistair Macdonald. The company had to achieve Adjusted EBITDA of \$100.0 million for a minimum bonus payout under the program to be triggered (which was 50% of the participant's potential bonus) and Adjusted EBITDA of \$104.0 million for the target bonus payout to be made (which was 100% of the participant's potential bonus). The program provided for payouts to be calculated on a straight line basis for Adjusted EBITDA between the minimum bonus payout and the target bonus payout, and participants were eligible for up to a 10% overachievement opportunity if the Adjusted EBITDA exceeded \$104.0 million. In 2013, Jamie Macdonald, Greg Rush, and Alistair Macdonald earned bonuses under the program of \$208,640, \$62,020, and \$136,765, respectively, based on the company exceeding its target Adjusted EBITDA in 2013.

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Mr. Rush's bonus under the program was pro-rated for 2013 based on his employment commencing with us on August 30, 2013.

In 2014, the Board approved a management incentive plan, which is substantially similar to the 2013 Management Incentive Plan.

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Table of Contents

**Summary Compensation Table**

The following table sets forth summary compensation information for our NEOs for the fiscal year ended December 31, 2013:

Name and Principal Position	Year	Salary (\$)(3)	Option Awards \$(4)	Non-Equity Incentive	All Other Compensation \$(8)	Total (\$)
				Plan Compensation (\$)(7)		
D. Jamie Macdonald <i>Chief Executive Officer and Director</i>	2013	407,692	2,166,420(5)	208,640	18,559	2,801,311
Gregory S. Rush <i>Executive Vice President and Chief Financial Officer(1)</i>	2013	125,412	1,596,900	62,020(7)	10,654	1,794,986
Alistair Macdonald <i>Chief Operating Officer(2)</i>	2013	373,967	1,071,252(6)	136,765	74,258	1,656,242

- (1) All amounts reported in this Summary Compensation Table for Greg Rush (except the value of his option award) are pro-rated for 2013 based on his date of hire of August 30, 2013.
- (2) Alistair Macdonald is paid in British Pound Sterling, or GBP. The amounts paid to Alistair Macdonald which are reported in this Summary Compensation Table have been converted to U.S. dollars using the average exchange rate from GBP to U.S. dollars in 2013 of 1 GBP/1.563 U.S. dollars as published by the Oanda Corporation, a financial services provider of currency conversion.
- (3) This column includes \$400,000, \$118,462, and \$371,806 for salary earned by Jamie Macdonald, Greg Rush, and Alistair Macdonald in 2013, respectively, and \$7,692, \$6,950, and \$2,161 of accrued and unused vacation time for Jamie Macdonald, Greg Rush, and Alistair Macdonald in 2013, respectively. Mr. Rush's base salary of \$350,000 was pro-rated from his date of hire of August 30, 2013.
- (4) Represents the aggregate grant date fair value of the option awards computed in accordance with FASB ASC Topic 718. These values have been determined based on the assumptions set forth in Note 9 to our consolidated financial statements included elsewhere in this prospectus.
- (5) Consists of \$1,375,575 in incremental increase in fair value of an option granted on September 19, 2011 to acquire 295,857 Common Units (as defined in the 2010 Plan) and \$790,845 in incremental increase in fair market value of an option granted on January 1, 2013 to acquire 177,514 Common Units, both due to amendments to the options by the Board on August 5, 2013 as set forth in Note 9 to our consolidated financial statements included elsewhere in this prospectus.
- (6) Consists of \$679,505 in incremental increase in fair value of an option granted on October 5, 2010 to acquire 148,402 Common Units and \$391,747 in incremental increase in fair market value of an option granted on September 24, 2012 to acquire 88,284 Common Units, both due to amendments to the options by the Board on August 5, 2013 as set forth in Note 9 to our consolidated financial statements included elsewhere in this prospectus.
- (7) Represents the pro rata portion of Mr. Rush's annual non-equity incentive plan compensation (after the company exceeded its target Adjusted EBITDA) based on his date of hire of August 30, 2013.
- (8) Includes the following for each NEO:

Name	Year	Company Contribution	Life Insurance	Disability Insurance	Health Insurance
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		<b>to 401(k) Plan</b>	<b>Premiums</b>	<b>Premiums</b>	<b>Premiums</b>
		<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
D. Jamie Macdonald	2013	7,524	614	1,002	9,419
Gregory S. Rush	2013	1,077	403	293	5,166
Alistair Macdonald	2013	38,150	238		589

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



Table of Contents

**Employment Agreements**

We have entered into employment agreements with each of our NEOs. The material provisions of each such agreement are described below.

***Employment Agreements with Jamie Macdonald and Greg Rush***

In July 2014 and August 2013, respectively, we entered into an employment agreement with Jamie Macdonald, our Chief Executive Officer, and Greg Rush, our Executive Vice President and Chief Financial Officer, each of whom we refer to as an Executive. The agreements are governed by the laws of North Carolina. Under the agreements, we pay the Executives an annual salary established by the Board or its compensation committee (currently \$475,000 for Mr. Macdonald and \$353,570 for Mr. Rush). The Board will review the Executive's salary from time to time.

Either we or the Executive may terminate the agreements at any time upon 45 days prior written notice, which notice we can shorten in our discretion under Mr. Rush's agreement. We may terminate the Executive's employment immediately by written notice for "disability" and "cause" and the Executive may resign by written notice for "good reason". Under the agreements, "disability" means a physical or mental condition that renders the Executive unable to perform the essential functions of the Executive's job, with or without reasonable accommodation, for a continuous period of more than 90 days or for 90 days in any period of 180 consecutive days, and will be determined by a physician satisfactory to us and in accordance with applicable law. Under the agreements, "cause" means (i) the Executive's breach of any fiduciary duty or legal or contractual obligation to us or the Board, (ii) the Executive's failure to follow the reasonable instructions of the Board (or, in the case of Mr. Rush, his direct supervisor) consistent with the Executive's duties and responsibilities, which breach, if curable, is not cured within 10 business days after notice to the Executive or, if cured, recurs within 180 days, (iii) the Executive's gross negligence, willful misconduct, fraud, insubordination or acts of dishonesty relating to us, or (iv) the Executive's commission of any misdemeanor relating to us or of any felony. Under the agreements, "good reason" means the occurrence, without the Executive's express written consent, of any of the following: (i) a material reduction in the Executive's base salary or target bonus payout under our management incentive bonus program; (ii) a material adverse change to Executive's title or a material reduction in the Executive's authority, job duties, or responsibilities; (iii) a requirement that the Executive relocate to a principal place of employment more than 50 miles from our offices at 3201 Beechleaf Court, in Raleigh, North Carolina; or (iv) a material breach of the employment agreement by us; provided that, any such event will only constitute good reason if the Executive provides us with written notice of the basis for the good reason within 45 days of our initial actions or inactions giving rise to such good reason and subject to a 30 day cure period.

If we terminate the Executive's employment due to his disability or death, we must pay to him or his estate, in addition to any short- or long-term disability benefits to which he is entitled, his "Accrued Payments" (some of which may be prorated). We must also pay the Executive Accrued Payments if we terminate his employment for cause or the Executive resigns without good reason. Under the agreements, "Accrued Payments" means (i) any unpaid base salary earned by the Executive as of his termination of employment, (ii) any unpaid amount actually earned and due to the Executive pursuant to our management incentive bonus program, and (iii) any business expenses for which Executive is entitled to reimbursement.

If we terminate the Executive's employment without cause or the Executive resigns for good reason, we must pay him his Accrued Payments. Subject to the Executive's compliance with certain provisions of his agreements, we must also pay the Executive his base salary at termination for 18 months for Mr. Macdonald and 12 months for Mr. Rush. We also must reimburse the Executive for the entire amount of any premiums paid by the Executive prior to such date necessary to

Table of Contents

continue COBRA coverage for the Executive and his spouse and eligible dependents and thereafter pay the entire premium necessary to continue such coverage, in each case, until the earlier of (A) 18 months following the termination date, or (B) the date on which the Executive becomes eligible for group health insurance coverage under another employer's plan.

In addition to these payments, if the Executive is terminated without cause or resigns for good reason within 12 months following a "Change in Control", we must pay him a lump sum amount equal to 50% of his then current base salary or his target bonus payout under our management incentive bonus program, whichever is higher. Under the agreements, "Change in Control" means (i) any merger, consolidation, or reorganization involving us, in which, immediately after giving effect to the event, less than 50% of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 of the Exchange Act) in the aggregate by our stockholders immediately prior to such event, (ii) any sale, lease, exchange, or other transfer of all or substantially all of our assets to any other person or entity, (iii) our dissolution or liquidation, (iv) when any person or entity not currently a stockholder acquires or gains control of more than 50% of our outstanding stock, or (v) as a result of or in connection with a contested election of directors, the persons who were our directors cease to constitute a majority of the Board.

The agreements include non-solicitation and non-competition provisions that apply during the Executive's employment and extend for 18 months thereafter for Mr. Macdonald and 12 months (non-solicitation) and six months (non-competition) thereafter for Mr. Rush.

***Employment Agreement with Alistair Macdonald***

In July 2014, we entered into an employment agreement with Alistair Macdonald, our Chief Operating Officer. The agreement is governed by English law. Under the agreement, we must pay Mr. Macdonald a base salary of £246,841.55 per year, subject to the Board's annual review.

Either we or Mr. Macdonald may terminate the agreement for any reason upon three months prior written notice. We also can terminate Mr. Macdonald immediately upon written notice by paying him three months of his base salary in lieu of the notice period. This payment is not required if Mr. Macdonald (i) commits any serious breach or repeated or continued breach of his obligations under the agreement, or breaches provisions in the agreement relating to employment activities with other companies, confidentiality, inventions and intellectual property rights, and/or statements he may make about us, (ii) is guilty of conduct tending to bring him or us into disrepute, (iii) becomes bankrupt or had an interim order made against him under applicable insolvency laws or compounded with his creditors generally, (iv) fails to perform his duties to a satisfactory standard, after having received a written warning from us relating to the same, or (v) has been convicted of an offence under any applicable statutory enactment or regulation (other than a traffic offence for which no custodial sentence is given).

If we are wound up for the purposes of reconstruction or amalgamation and, as a result, Mr. Macdonald is terminated or his duties redefined in a manner consistent with his current position or status with us, he will have no claim against us for termination of employment or otherwise as long as he is first offered employment with the resulting company on terms no less favorable to Mr. Macdonald as those in the agreement. If Mr. Macdonald unreasonably refuses such employment or transfer of his agreement to the resulting company, we may terminate his employment.

The agreement includes non-solicitation and non-competition provisions that apply during Mr. Macdonald's employment and extend for 12 months after the earlier of Mr. Macdonald's termination of employment or notice thereof.

Table of Contents

**Director Compensation**

Our directors who are employed by us, our subsidiaries or our Sponsors or any of their affiliates do not receive any compensation, and our non-employee directors will not receive compensation following this offering, except as limited to expense reimbursement as described below.

For the year ended December 31, 2013, we paid each of Messrs. Bannon, Breckon and Harwood an annual retention fee of \$50,000, payable in cash, as well as reimbursement for reasonable expenses incurred in connection with serving on the Board, including documented travel expenses to attend meetings.

Following the consummation of this offering, each of the non-employee members of the Board (other than the chair of the Board) will be compensated for his services as a director through Board fees of \$50,000 per calendar year (paid in quarterly installments), annual equity awards with an aggregate value per director of \$100,000 commencing the fiscal year following this offering and reimbursement for out-of-pocket expenses incurred in connection with rendering such services for so long as they serve as directors. Each of the members (other than the chair) of our audit committee, compensation committee and nominating and governance committee will receive an annual fee of \$10,000, \$7,500 and \$5,000, respectively, which will be paid in quarterly installments. The chair of the Board will receive an annual fee of \$100,000. The chair of the audit committee will receive an annual fee of \$20,000 in cash, the chair of the nominating and governance committee will receive an annual fee of \$15,000 in cash and the chair of the compensation committee will receive an annual fee of \$10,000 in cash, each of which fees will be paid in quarterly installments. In addition, certain non-employee members of the Board of Directors may also participate in the future in our 2014 Plan as described under " Equity Incentive Plans 2014 Equity Incentive Plan."

**Equity Incentive Plans**

Our Board originally adopted the 2010 Plan in September 2010 and our stockholders approved it on September 27, 2010. Our Board approved amendments to the 2010 Plan in August 2012 and on June 26, 2014, respectively. In connection with this offering, we intend to adopt a new 2014 Plan for equity grants in connection with and following the consummation of this offering.

The following descriptions of our equity compensation plans are qualified by reference to the full text of the plans, which are filed as exhibits to the registration statement of which this prospectus forms a part. Our equity incentive plans are designed to continue to give our company flexibility to make a wide variety of equity awards to reflect what the compensation committee and management believe at the time of such award will best motivate and reward our employees, consultants and directors.

**2010 Equity Incentive Plan**

The 2010 Plan provides for the grant of various stock rights to employees, consultants and non-employee directors of our Company. Incentive stock options may be granted only to employees of our Company, or our parent company (if any) and any of our subsidiaries. All other stock rights under the 2010 Plan may be granted to employees (including officers and employee directors), consultants and non-employee directors.

**Share Reserve and Limitations.** An aggregate of 4,241,420 shares of our Class A common stock may be issued pursuant to the 2010 Plan, subject to adjustment as provided in the 2010 Plan. The aggregate fair market value of common stock (determined as of the date of the option grant) for which incentive stock options may for the first time become exercisable by any individual in any calendar year may not exceed \$100,000.

Table of Contents

If any award granted under the 2010 Plan expires or terminates for any reason prior to its full exercise, or if we reacquire any shares issued pursuant to awards, then the shares subject to such award or any shares so reacquired by us will again be available for grants of awards under the 2010 Plan. Likewise, shares of our common stock which are withheld to pay the exercise price of an award or any related withholding obligations will be available for issuance under the 2010 Plan.

**Administration.** The 2010 Plan provides for administration by our Board or a committee of the Board. The Board may increase the size of the committee and appoint additional members, remove members of the committee and appoint new members, fill vacancies on the committee, or remove all members of the committee and directly administer the 2010 Plan. Our compensation committee currently administers the 2010 Plan. Subject to the restrictions of the 2010 Plan, the compensation committee determines to whom we grant incentive awards under the 2010 Plan, the terms of the award, including the exercise or purchase price, the number of shares subject to the stock right and the exercisability of the award. All questions of interpretation are determined by the committee, and its decisions are final and binding upon all participants, unless otherwise determined by the Board.

**Stock Options.** The 2010 Plan provides for the grant of incentive stock options within the meaning of Section 422 of the Code, solely to employees, and for the grant of non-statutory stock options to employees, consultants and non-employee directors.

The compensation committee determines the exercise price of options granted under the 2010 Plan on the date of grant, and in the case of incentive stock options the exercise price must be at least 100% of the fair market value per share at the time of grant. The exercise price of any incentive stock option granted to an employee who owns stock possessing more than 10% of the voting power of our outstanding capital stock must equal at least 110% of the fair market value of the common stock on the date of grant. The aggregate fair market value of common stock (determined as of the date of the option grant) for which incentive stock options may for the first time become exercisable by any individual in any calendar year may not exceed \$100,000. Payment of the exercise price may be made by delivery of cash or a check, or, subject to any requirements as may be imposed by the committee, through the delivery of irrevocable instructions to a broker to sell shares obtained upon exercise and deliver proceeds promptly to the company. The committee may prescribe or permit, in its sole discretion, any other method of payment permitted by law.

Options granted to employees, directors, and consultants under the 2010 Plan generally become exercisable in increments, based on the optionee's continued employment or service with us. The term of an incentive stock option may not exceed 10 years. Options granted under the 2010 Plan, whether incentive stock options or non-statutory options, generally expire 10 years from the date of grant, except that incentive stock options granted to an employee who owns stock possessing more than 10% of the voting power of our outstanding capital stock are not exercisable for longer than five years after the date of grant.

**Stock Appreciation Rights.** The 2010 Plan provides for the grant of stock appreciation rights, or SARs, pursuant to an SAR agreement adopted by the compensation committee. An SAR may be granted in connection with a stock option or alone, without reference to any related stock option. The committee will determine the exercise price of an SAR on the date of grant, and the exercise price may not be less than 100% of the fair market value of a share of our common stock on the date of grant. No SAR shall have a term of more than 10 years.

The holder of an SAR will have the right to receive, in cash or common stock, all or a portion of the difference between the fair market value of a share of our common stock at the time of exercise of the SAR and the exercise price of the SAR established by the compensation committee, subject to such terms and conditions set forth in the SAR agreement.

Table of Contents

**Restricted Stock and Other Awards.** The committee may grant awards of restricted stock or restricted stock units on the terms and conditions set forth in the applicable restricted stock award, including the conditions for vesting and the issue price, if any. Each restricted stock unit shall have a value equal to the fair market value of one share of stock. Other awards that are valued in whole or in part by reference to, or are otherwise based on, shares of stock, may be granted under the 2010 Plan to participants in the plan.

**Transferability.** Except for transfers made by will or the laws of descent and distribution in the event of the holder's death, no stock right may be transferred, pledged or assigned by the holder of the stock right. We are not required to recognize any attempted assignment of such rights by any participant that is not in compliance with the 2010 Plan.

**Changes in Capitalization.** In the event of a change in the number of shares of our common stock through a combination or subdivision, or if we issue shares of common stock as a stock dividend or engage in a separation, spin-off or other corporate event or transaction, then the committee shall substitute or adjust, in its sole discretion, the number of and kind of shares under the 2010 Plan and deliverable upon the exercise of outstanding stock rights, and the purchase price per share to reflect such transaction.

**Change of Control.** The 2010 Plan generally provides that, under certain circumstances, in the event of our consolidation or merger with or into another corporation or a sale of all or substantially all of our assets, which we refer to as an "acquisition", whereby the acquiring entity or our successor does not agree to assume the incentive awards or replace them with substantially equivalent incentive awards, all outstanding awards may be vested and become immediately exercisable in full and, if not exercised on the date of the acquisition, will terminate on such date regardless of whether the participant to whom such stock rights have been granted remains in our employ or service or in the employ or service of any acquiring or successor entity.

**Termination or Amendment.** Our Board may terminate, amend or modify the 2010 Plan at any time before its expiration, which is currently September 28, 2020. However, stockholder approval is required to the extent necessary to comply with any tax or regulatory requirement.

**2014 Equity Incentive Plan**

We intend to adopt the 2014 Plan in connection with this offering. The 2014 Plan will become effective prior to the consummation of this offering and a total of 3,272,828 shares of our common stock will be reserved for sale. We intend to file a registration statement on Form S-8 covering the shares issuable under the 2014 Plan and the 2010 Plan. The following is a summary of the material features of the 2014 Plan.

**Administration.** The 2014 Plan will be administered by the compensation committee or another committee of the Board, comprised of no fewer than two members of the Board who are appointed by the Board to administer the plan, or, subject to the limitations set forth in the 2014 Plan, the Board. Subject to the limitations set forth in the 2014 Plan, the committee or the Board has the authority to determine the persons to whom awards are to be granted, prescribe the restrictions, terms and conditions of all awards, interpret the 2014 Plan and adopt sub-plans and rules for the administration, interpretation and application of the 2014 Plan.

**Reservation of Shares.** Subject to adjustments as described below, the maximum aggregate number of shares of common stock that may be issued pursuant to awards granted under the 2014 Plan will be equal to 3,272,828; provided, that no more than 654,564 shares of the shares initially reserved under the 2014 Plan may be granted as incentive stock options within the meaning of Section 422 of the Code; provided further that the 2014 Plan does not require any percentage of

Table of Contents

awards (or shares underlying awards) to be granted as incentive stock options. Any shares of common stock issued under the 2014 Plan will consist of authorized and unissued shares or treasury shares.

In the event of any recapitalization, reclassification, stock dividend, extraordinary dividend, stock split, reverse stock split or other distribution with respect to common stock, or any merger, reorganization, consolidation, combination, spin-off, stock purchase, or other similar corporate change or any other change affecting common stock (other than regular cash dividends to our shareholders), the committee or the Board shall, in the manner and to the extent it considers equitable to the participants in the 2014 Plan and consistent with the terms of the 2014 Plan, cause adjustments to the number and kind of shares of common stock available for grant, as well as to other maximum limitations under the 2014 Plan, the number and kind of shares of common stock and/or other terms of the awards that are affected by the event and/or issue additional awards or shares of common stock under the 2014 Plan.

**Share Counting.** To the extent that an award granted under the 2014 Plan is canceled, expired, forfeited, surrendered, settled by delivery of fewer shares than the number underlying the award, settled in cash or otherwise terminated without delivery of the shares, the shares of common stock retained by or returned to us will (i) not be deemed to have been delivered under the 2014 Plan, (ii) be available for future awards under the 2014 Plan, and (iii) increase the share reserve by one share for each share that is retained by or returned to us. Notwithstanding the foregoing, shares that are (x) withheld from an award or separately surrendered by the participant in payment of the exercise or purchase price or taxes relating to such an award or (y) not issued or delivered as a result of the net settlement of an outstanding stock option or stock appreciation right shall be deemed to constitute delivered shares, will not be available for future awards under the 2014 Plan and shall continue to be counted as outstanding for purposes of determining whether award limits have been attained. If an award is settled in cash, the number of shares of common stock on which the award is based shall not count toward any individual share limit, but shall count against the annual cash performance award limit. Awards assumed or substituted for in a merger, consolidation, acquisition of property or stock or reorganization will not reduce the share reserve, will not be subject to or counted against the award limits under the 2014 Plan, and will not replenish the share reserve upon the occurrence of any of the events described at the beginning of this paragraph.

**Eligibility.** Awards under the 2014 Plan may be granted to any of our employees, directors, consultants or other personal service providers or any of the same of our subsidiaries.

**Stock Options.** Stock options granted under the 2014 Plan may be issued as either incentive stock options, within the meaning of Section 422 of the Code, or as nonqualified stock options. The exercise price of an option will be not less than 100% of the fair market value of a share of common stock on the date of the grant of the option. The committee or the Board will determine the vesting and/or exercisability requirements and the term of exercise of each option, including the effect of termination of service of a participant or a change in control. The vesting requirements may be based on the continued employment or service of the participant for a specified time period or on the attainment of specified business performance goals established by the committee or the Board. The maximum term of an option will be 10 years from the date of grant.

To exercise an option, the participant must pay the exercise price, subject to specified conditions, (i) in cash, or, (ii) to the extent permitted by the committee or the Board, and set forth in an award agreement, (A) in shares of common stock, (B) through an open-market broker-assisted transaction, (C) by reducing the number of shares of common stock otherwise deliverable upon the exercise of the stock option, (D) by combination of any of the above methods or (E) by such other

Table of Contents

method approved by the committee or the Board, and must pay any required tax withholding amounts. All options generally are nontransferable.

**Stock Appreciation Rights.** A stock appreciation right may be granted either in tandem with an option or without a related option. A stock appreciation right entitles the participant, upon settlement or exercise, to receive a payment based on the excess of the fair market value of a share of common stock on the date of settlement or exercise over the base price of the right, multiplied by the number of shares of common stock as to which the right is being settled or exercised. Stock appreciation rights may be granted on a basis that allows for the exercise of the right by the participant or that provides for the automatic payment of the right upon a specified date or event. The base price of a stock appreciation right may not be less than 100% of the fair market value of a share of common stock on the date of grant. The committee or the Board will determine the vesting requirements and the term of exercise of each stock appreciation right, including the effect of termination of service of a participant or a change in control. The vesting requirements may be based on the continued employment or service of the participant for a specified time period or on the attainment of specified business performance goals established by the committee or the Board. The maximum term of a stock appreciation right will be ten years from the date of grant. Stock appreciation rights may be payable in cash or in shares of common stock or in a combination of both. All stock appreciation rights generally are nontransferable.

**Restricted Stock Awards.** A restricted stock award represents shares of common stock that are issued subject to restrictions on transfer and vesting requirements. The vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of specified performance goals established by the committee, and vesting may be accelerated in certain circumstances, as determined by the committee. Unless otherwise set forth in an award agreement, restricted stock award holders will not have any of the rights of a stockholder of us (including, the right to vote or receive dividends and other distributions paid or made with respect thereto), unless and until such shares vest. Any dividends with respect to a restricted stock award that is subject to performance-based vesting will be subject to the same restrictions on transfer and vesting requirements as the underlying restricted stock award. All restricted stock awards are generally nontransferable.

**Restricted Stock Units.** An award of restricted stock units, or RSUs, provides the participant the right to receive a payment based on the value of a share of common stock. RSUs may be subject to vesting requirements, restrictions and conditions to payment. RSUs may vest based solely on the continued service of the participant for a specified time period. In addition, RSUs may be denominated as performance share units, or PSUs and may vest in whole or in part based on the attainment of specified performance goals established by the committee or the Board. The vesting of RSUs and PSUs may be accelerated in certain circumstances, as determined by the committee or the Board. RSU and PSU awards will become payable to a participant at the time or times determined by the committee or the Board and set forth in the award agreement, which may be upon or following the vesting of the award. RSU and PSU awards are payable in cash or in shares of common stock or in a combination of both. RSUs and PSUs may be granted together with a dividend equivalent right with respect to the shares of common stock subject to the award. Dividend equivalent rights will be paid at such time as determined by the committee or the Board in its discretion (including, without limitation, at the times paid to stockholders generally or at the times of vesting or payment of the RSU or PSU), as set forth in an award agreement. Dividend equivalent rights may be subject to forfeiture under the same conditions as apply to the underlying RSUs or PSUs, as set forth in an award agreement. All RSUs and PSUs are generally nontransferable.

**Stock Awards.** A stock award represents shares of common stock that are issued free of restrictions on transfer and free of forfeiture conditions and to which the participant is entitled all

Table of Contents

incidents of ownership. A stock award may be granted for past, or in anticipation of future, services, in lieu of any discretionary bonus or other discretionary cash compensation, directors' fees or for any other valid purpose as determined by the committee. The committee will determine the terms and conditions of stock awards, and such stock awards will be made without vesting requirements. Upon the issuance of shares of common stock under a stock award, the participant will have all rights of a shareholder with respect to such shares of common stock, including the right to vote the shares and receive all dividends and other distributions on the shares. Subject to Section 409A of the Code, upon advance written request of a participant and with the consent of the committee, a participant who is a U.S. taxpayer may receive a portion of any cash compensation otherwise due in the form of common stock either currently or on a deferred basis. The right to receive shares of common stock on a deferred basis is generally nontransferable.

**Cash Performance Awards.** A performance award is denominated in a cash amount (rather than in shares) and is payable based on the attainment of pre-established business and/or individual performance goals. The requirements for vesting may be also based upon the continued service of the participant during the performance period, and vesting may be accelerated in certain circumstances, as determined by the committee or the Board. All cash performance awards are generally nontransferable. The maximum amount of cash compensation that may be paid to a participant during any one calendar year under all cash performance awards and all other awards that are actually paid or settled in cash is limited to \$2,000,000.

**Performance Criteria.** For purposes of cash performance awards, as well as for any other awards under the 2014 Plan intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the performance criteria will be one or any combination of the following, for us or any identified subsidiary, division or business unit or line, as determined by the committee at the time of the award: (i) total stockholder return; (ii) such total stockholder return as compared to total return (on a comparable basis) of a publicly available index such as, but not limited to, the Standard & Poor's 500 Stock Index; (iii) net income; (iv) pretax earnings; (v) adjusted net income; (vi) adjusted pretax earnings; (vii) adjusted earnings per share; (viii) adjusted earnings before interest expense, taxes, depreciation and amortization, or EBITDA; (ix) pretax operating earnings after interest expense and before bonuses, service fees and extraordinary or special items; (x) operating margin; (xi) earnings per share; (xii) return on equity; (xiii) return on capital; (xiv) return on investment; (xv) operating earnings; (xvi) working capital; (xvii) ratio of debt to stockholders' equity; (xviii) revenue; (xix) free cash flow (generally defined as adjusted EBITDA, less cash taxes, cash interest and net capital expenditures, mandatory payments of principal under any credit facility and payments under collateralized lease obligations and financing lease obligations); and (xx) any combination of or a specified increase in any of the foregoing. Each of the performance goals will be applied and interpreted in accordance with an objective formula or standard established by the committee at the time of grant of the award, which may include, without limitation, GAAP.

The "performance goals" shall be the levels of achievement relating to the performance criteria selected by the committee for the award. The performance goals shall be written and shall be expressed as one objective formula or standard that precludes discretion to increase the amount of compensation payable that would otherwise be due upon attainment of the goal. The performance goals may be applied on an absolute basis or relative to an identified index, peer group or one or more competitors or other companies (including particular business segments or divisions of such companies), or may be applied after adjustment for non-controllable industry performance (such as industry attendance), as specified by the committee.

At the time that an award is granted, the committee may provide for the performance goals or the manner in which performance will be measured against the performance goals to be adjusted in such objective manner as it deems appropriate, including, without limitation, adjustments to



Table of Contents

reflect non-cash losses or charges (e.g., amortization expense, stock-based compensation, impairments, etc.), charges for restructurings, non-operating income, the impact of corporate transactions, severance and recruitment costs, "run rate" savings, costs incurred in establishing new manufacturing sources, specified legal expenses, discontinued operations, or financing transactions, extraordinary and other unusual or non-recurring items or events and the cumulative effects of accounting or tax law changes. In addition, with respect to a participant hired or promoted following the beginning of a performance period, the committee may determine to prorate the performance goals and/or the amount of any payment in respect of such participant's cash performance awards for the partial performance period.

Further, the committee shall, to the extent provided in an award agreement, have the right, in its discretion, to reduce or eliminate the amount otherwise payable to any participant under an award and to establish rules or procedures that have the effect of limiting the amount payable to any participant to an amount that is less than the amount that is otherwise payable under an award. The committee shall not have discretion to increase the amount that is otherwise payable to any participant. Following the conclusion of the performance period, the committee shall certify in writing whether the applicable performance goals have been achieved, or certify the degree of achievement, if applicable. Upon certification of the performance goals, the committee shall determine the level of vesting or amount of payment to the participant pursuant to the award, if any.

Notwithstanding anything to the contrary contained in the 2014 Plan, with respect to any award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, unless the Board determines that an applicable exemption under applicable law applies, all references to the committee or the Board in the 2014 Plan shall solely mean each such member that satisfies the requirements for an "outside director" under Section 162(m) of the Code.

***Award Limitations.*** For purposes of complying with the requirements of Section 162(m) of the Code, the maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, performance-based restricted stock awards, performance-based RSUs and performance-based stock awards granted to any participant other than a non-employee director during any calendar year will be limited to 2,000,000 shares of common stock for each such award type individually.

Further, the maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, restricted stock awards, RSUs and stock awards granted to any non-employee director during any calendar year will be limited to 500,000 shares of common stock for all such award types in the aggregate.

***Effect of Change in Control.*** Upon the occurrence of a change in control, unless otherwise specifically prohibited under applicable law, or unless otherwise provided in the applicable award agreement, the committee is authorized but not required to make adjustments in the terms and conditions of outstanding awards, including, without limitation, the following (or any combination thereof): (i) continuation or assumption of our outstanding awards (if we are the surviving company or corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of awards with substantially the same or comparable terms (including with respect to economic value) for outstanding awards; (iii) accelerated exercisability, vesting and/or payment; and (iv) if all or substantially all of our outstanding shares of common stock are transferred in exchange for cash consideration in connection with such change in control: (A) upon written notice, provide that any outstanding stock options and stock appreciation rights are exercisable during a reasonable period of time immediately prior to the scheduled consummation of the event or such other reasonable period as determined by the committee (contingent upon the consummation of the event), and at the end of such period, such stock options and stock appreciation rights will terminate to the extent not so exercised within the

Table of Contents

relevant period; and (B) cancellation of all or any portion of outstanding awards for fair value, as determined in the sole discretion of the committee.

**Forfeiture.** The committee may specify in an award agreement that an award will be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, including termination of service for "cause" (as defined in the 2014 Plan), violation of material Company policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the participant, or other conduct by the participant that is detrimental to our business or reputation. Unless otherwise provided by the committee and set forth in an award agreement, if (i) a participant's service is terminated for "cause" or (ii) after termination of service for any other reason, the committee determines in its discretion that the participant engaged in conduct that violates any continuing obligation or duty of the participant set forth in any executive or restrictive covenant agreement with respect to non-competition, non-solicitation, confidentiality, intellectual property or trade secret protection, or any similar agreement to which the participant is a party in favor of us or any of our subsidiaries, such participant's rights, payments and benefits with respect to such award may be subject to cancellation, forfeiture and/or recoupment.

**Right of Recapture.** If pursuant to any award a participant receives compensation calculated by reference to financial statements that are subsequently required to be restated in a way that would decrease the value of such compensation, the participant will, upon the committee's written request, forfeit and repay to us the difference between what the participant received during the period of three years preceding the date on which we become required to prepare the restatement and what the participant should have received based on the accounting restatement, in accordance with (i) our compensation recovery, "clawback" or similar policy, if any, as may be in effect from time to time and (ii) any compensation recovery, "clawback" or similar policy made applicable by law including the Dodd-Frank Act.

**Parachute Payments.** Notwithstanding anything to the contrary contained in the 2014 Plan, in the event the receipt of all payments or distributions by us in the nature of compensation to or for a participant's benefit, whether paid or payable pursuant to this plan or otherwise (a "Payment"), would subject the participant to the excise tax under Section 4999 of the Code, the Payments shall be reduced to the greatest amount of the Payments that can be paid and would not result in the imposition of the excise tax (the "Reduced Amount"), however, if the portion of the Payments the participant would receive after payment of all applicable taxes, including any excise taxes, is greater than the Reduced Amount, no such reduction shall occur.

**Tax Withholding.** We have the power and the right to deduct or withhold automatically from any amount deliverable under an award or otherwise, or require a participant to remit to us, the minimum statutory amount to satisfy federal, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the 2014 Plan. With respect to required withholding, participants may elect (subject to our automatic withholding right set out above) to satisfy the withholding requirement with respect to any taxable event arising as a result of the 2014 Plan, in whole or in part, generally by the methods described in the 2014 Plan applicable to the payment of the exercise price in connection with stock option exercises or similar methods in the case of awards other than stock options.

**Deferrals of Payment.** The committee may in its discretion permit participants in the 2014 Plan to defer the receipt of payment of cash or delivery of shares of common stock that would otherwise be due by virtue of the exercise of a right or the satisfaction of vesting or other conditions with respect to an award or an election to receive shares of our common stock (in lieu of compensation otherwise payable in cash) on a deferred basis in accordance with the terms of the 2014 Plan; provided, however, that such discretion shall not apply in the case of a stock option or stock appreciation right.

Table of Contents

**Trading Policy Considerations.** Stock option exercises and other awards granted under the 2014 Plan shall be subject to our insider trading policy or other trading or ownership policy related restrictions, terms and conditions as in effect, from time to time.

**Term, Amendment and Termination.** The 2014 Plan shall be effective as of the later of (i) the date it was approved by the Board and (ii) the effectiveness of the Form S-8 in connection with this offering. The Board may amend, modify, suspend or terminate the 2014 Plan at any time. However, no termination or amendment of the 2014 Plan will adversely affect any award theretofore granted without the consent of the participant or the permitted transferee of the award; except as otherwise provided in the 2014 Plan or determined by the committee or the Board to be necessary to comply with applicable laws. The Board may seek the approval of any amendment by our shareholders to the extent it deems necessary or advisable for purposes of compliance with Section 162(m) or Section 422 of the Code, the listing requirements of the principal exchange on which our common stock is listed on such date, or for any other purpose.

**Outstanding Equity Awards as of December 31, 2013**

The following table lists the outstanding equity awards held by our NEOs as of December 31, 2013, giving effect to our corporate reorganization, including the related 8.45 for 1 reverse stock split. See "Corporate Reorganization".

Name	Vesting Commencement Date	Option Awards					Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Price (\$)	Option Expiration Date		
D. Jamie Macdonald <i>Chief Executive Officer</i>	7/28/2011	88,757(1)	88,758	118,342	10.57	9/19/2021		
<i>and Director</i>	1/1/2013	17,752(2)	88,757	71,005	10.57	1/1/2023		
Gregory S. Rush <i>Executive Vice President and Chief Financial Officer</i>	8/30/2013	35,503(3)	177,515	142,011	10.06	8/30/2023		
Alistair Macdonald <i>Chief Operating Officer</i>	9/28/2010	59,362(4)	29,680	59,360	8.45	10/5/2020		
	8/17/2012	17,658(5)	35,313	35,313	10.57	9/24/2022		

- (1) This option was granted on September 19, 2011 and amended by the Board on August 5, 2013 as set forth in Note 9 to our consolidated financial statements included elsewhere in this prospectus. A total of 295,857 Common Units are subject to the option, of which 147,929 Common Units vest in five equal annual installments beginning on the first anniversary of the vesting commencement date and 147,928 Common Units vest in five equal annual installments beginning on December 31, 2013 based on the company's achievement of revised annual EBITDA targets.
- (2) This option was granted on January 1, 2013 and amended by the Board on August 5, 2013 as set forth in Note 9 to our consolidated financial statements included elsewhere in this prospectus. A total of 177,514 Common Units are subject to the option, of which 88,757 Common Units vest in five equal annual installments beginning on the first anniversary of the vesting commencement date and 88,757 Common Units vest in five equal annual installments beginning on December 31, 2013 based on the company's achievement of revised annual EBITDA targets.
- (3) This option was granted on August 30, 2013. A total of 355,029 Common Units are subject to the option, of which 177,515 Common Units vest in five equal annual installments beginning on the first anniversary of the vesting commencement date and 177,514

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Common Units vest in five equal annual installments beginning on December 31, 2013 based on the company's achievement of annual EBITDA targets.

Table of Contents

- (4) This option was granted on October 5, 2010 and amended by the Board on August 5, 2013 as set forth in Note 9 to our consolidated financial statements included elsewhere in this prospectus. A total of 148,402 Common Units are subject to the option, of which 74,201 Common Units vest in five equal annual installments beginning on the first anniversary of the vesting commencement date and 74,201 Common Units vest in five equal annual installments beginning on December 31, 2013 based on the company's achievement of revised annual EBITDA targets.
- (5) This option was granted on September 24, 2012 and amended by the Board on August 5, 2013 as set forth in Note 9 to our consolidated financial statements included elsewhere in this prospectus. A total of 88,284 Common Units are subject to the option, of which 44,142 Common Units vest in five equal annual installments beginning on the first anniversary of the vesting commencement date and 44,142 Common Units vest in five equal annual installments beginning on December 31, 2013 based on the company's achievement of revised annual EBITDA targets.

**Outstanding Incentive Awards**

Certain of our employees and members of management historically have received management incentive awards consisting of options to purchase our common stock. These awards were typically subject to time-vesting or performance-vesting. All vesting is subject to the grantee's continued employment by us. In connection with this offering, we intend to enter into agreements with current employees who are holders of outstanding performance-vesting stock options granted under the 2010 Plan to amend the vesting provisions of such options so that they vest based on the passage of time, such that, subject to continued employment by us, any unvested performance option award shall continue to vest on its existing vesting schedule in equal installments on each December 31 that occurs during the remaining portion of such performance-vesting stock options' performance period, commencing with the first December 31 to occur on or after this offering. In addition, all outstanding stock options will be appropriately modified and adjusted so that they are exercisable for shares of Class A common stock after the consummation of this offering.

In connection with this offering, we expect to grant an aggregate of 46,622 options to purchase our common stock to certain of our non-executive employees (assuming an initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus). The exercise price for such options will be the initial public offering price. Our committee or the Board will determine, subject to employment agreements, any future equity awards that executive officers will be granted pursuant to the 2014 Plan.

Table of Contents

**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

Set forth below is a description of certain relationships and related person transactions between us or our subsidiaries, and our directors, executive officers and holders of more than 5% of our voting securities. We believe that all of the following transactions were entered into with terms as favorable as could have been obtained from unaffiliated third parties.

**Stockholders Agreement**

On September 28, 2010, we entered into a stockholders' agreement, or the Stockholders Agreement, with affiliates of Avista and Teachers, as well as our management investors, which was amended and restated on July 12, 2011. The Stockholders Agreement gives each of Avista and Teachers, until the occurrence of our initial public offering, the right to nominate three directors to our Board. The Stockholders Agreement also provides for customary stock pre-emptive rights, stock co-sale rights and drag-along rights, all of which will terminate upon the occurrence of our initial public offering.

In connection with our initial public offering, if requested by the underwriter, the Stockholders Agreement requires us and the stockholders to agree to a lock-up from 10 days prior to the launch of the initial public offering to up to 180 days following the launch.

In connection with this offering, the Stockholders Agreement will be amended and restated. The amended and restated Stockholders' Agreement will provide that each Sponsor will have the right to elect (i) two directors to our board of directors for so long as each owns at least 15% of our outstanding shares of Class A common stock and Class B common stock; and (ii) one director each for so long as each holds at least 5% of our outstanding shares of Class A common stock and Class B common stock. The amended and restated Stockholders' Agreement will also provide that for so long as the Sponsors collectively own at least 50% of our outstanding shares of Class A common stock and Class B common stock their consent will be required for us to consummate the following actions: (i) the acquisition or divestiture of assets in which the aggregate consideration is in excess of \$75,000,000; (ii) the entrance into certain joint venture, investment or similar arrangements in which the value is or for consideration in excess of \$75,000,000; or (iii) the appointment or dismissal of our Chief Executive Officer. If such 50% threshold is satisfied, but either Sponsor owns less than 15% of our outstanding shares of Class A common stock and Class B common stock, such actions will only require the prior written consent of the Sponsor owning 15% or more of our outstanding shares of Class A common stock and Class B common stock. Furthermore, the Sponsors have agreed to vote all outstanding shares of Class A common stock and Class B common stock held by them to ensure the composition of our Board as set forth above, for so long as each sponsor own at least 5% of our outstanding shares of common stock. The amended and restated Stockholder Agreement will continue to provide customary information rights and registration rights. See "Registration Rights." The amended and restated Stockholders Agreement will continue to contain restrictions on the ability of the employee stockholders to transfer shares of our Class A common stock that they own, including provisions that only allow employee stockholders to transfer shares of our Class A common stock following our initial public offering in proportion with any transfers by the Sponsor, until such time as the Sponsors have sold at least 50% of the common stock they own immediately prior to our initial public offering. Subject to certain exceptions, the amended and restated Stockholders Agreement will terminate at such time as there are no remaining Registrable Securities (as defined in the amended and restated Stockholders Agreement).

**Advisory Services and Monitoring Agreement**

On September 27, 2010, we entered into an advisory services and monitoring agreement, or the Advisory Services Agreement, with Avista, pursuant to which Avista agreed to provide certain advisory and monitoring services to us and our subsidiaries, in return for a one-time fee of

Table of Contents

\$5,000,000, which has already been paid, and an ongoing quarterly fee, which was \$125,000 in each quarter of 2011, 2012 and 2013. Additionally, upon any transaction entered into by us or our subsidiaries in which Avista provides advice and assistance, Avista will be entitled to receive reasonable and customary advisory fees for such advice and services. For the years ended December 31, 2013, 2012 and 2011, Avista received \$0.5 million, \$0.5 million and \$4.5 million, respectively, of fees pursuant to the Advisory Services Agreement. The fees received during fiscal year 2011 included a transaction fee related to the Kendle Acquisition. The Advisory Services Agreement has a seven-year term and automatically renews on each anniversary of its execution date such that it has a seven-year term from the date of each such renewal. The Advisory Services Agreement will be terminated in connection with this offering. In connection with that termination, upon the consummation of this offering, we will pay Avista a termination fee of \$3,375,000, which represents the fee payable for the remainder of the term of the Advisory Services Agreement prior to its termination.

**Class C Dividend Agreement**

On September 27, 2010, we entered into a letter agreement with affiliates of Teachers, or the Class C Dividend Agreement, pursuant to which we agreed to declare a quarterly dividend in respect of Teachers' Class C common stock, which was \$125,000 in each quarter of 2011, 2012 and 2013, and to declare a special dividend in respect of Teachers' Class C common stock related to certain transactions. During the year ended December 31, 2011 we paid a special dividend of \$4.0 million in respect of Teachers' Class C common stock as a result of the Kendle Acquisition. The Class C Dividend Agreement will continue until the Advisory Services Agreement is terminated, which will occur upon the consummation of this offering. In connection with that termination, upon the consummation of this offering, we will redeem our outstanding Class C common stock, all of which is held by Teachers, for \$3,375,000.

**Expense Reimbursement Agreement**

On September 27, 2010, we and our subsidiaries entered into a letter agreement, or the Expense Reimbursement Agreement, with the Sponsors pursuant to which we and our subsidiaries, or the Company Group, agreed to reimburse the Sponsors for all reasonable out-of-pocket costs, fees and expenses incurred by or on behalf of the Sponsors in connection with their investment in the Company Group. For the years ended December 31, 2013, 2012 and 2011, we reimbursed the Sponsors for \$82,000, \$90,000 and \$132,000, respectively. The Expense Reimbursement Agreement's term continues with respect to each Sponsor until such time as such Sponsor no longer holds any equity interest in any member of the Company Group. In connection with this offering, the Expense Reimbursement Agreement will be terminated.

**Registration Rights**

Pursuant to the Stockholders Agreement, the Sponsors are required to create a coordination committee made up of one representative from each Sponsor to facilitate sales of our stock by the Sponsors in the first year following our initial public offering. Each Sponsor must consult with the coordination committee prior to entering into any definitive sale agreement with respect to any shares of our stock.

The Stockholders Agreement includes (i) demand registration rights following the 6-month anniversary of our initial public offering for Sponsors holding certain qualifying shares of our stock, or Registrable Securities, (ii) piggy-back registrations rights for Sponsors and employee stockholders holding Registrable Securities, and (iii) shelf demand registration rights following the 12-month anniversary of our initial public offering for Sponsors holding more than 10% of the then outstanding Registrable Securities. The Sponsors must coordinate in connection with any sale pursuant to a shelf registration, including giving the non-initiating Sponsor two business days to

Table of Contents

elect to participate on the same terms. Employee stockholders have no piggy-back rights with respect to any sales by either Sponsor pursuant to any shelf registrations. We are responsible for fees and expenses in connection with the Sponsors' registration rights, other than underwriters' discounts and brokers' commissions, if any, relating to any such registration and offering.

In addition, for so long as either Sponsor holds more than 5% of our common stock, a Sponsor wishing to sell shares of our common stock pursuant to Rule 144 under the Securities Act shall consult with the other Sponsor and afford such Sponsor the opportunity to participate in any such Rule 144 sale on a pro rata basis.

**Lantheus Master Services Agreement**

In 2012, we entered into a Master CRO Services Agreement, with Lantheus Medical Imaging, Inc., or Lantheus, and a subsequent work order pursuant to which we provided clinical development services in connection with a certain clinical trial sponsored by Lantheus. The agreement and work order were terminated during May 2014. The agreement had a term of five years, with the work order defined to run 22.5 months. We recognized net service revenue associated with this agreement of approximately \$0.7 million and \$0.4 million in the years ended December 31, 2012 and 2013, respectively, from the work order under the agreement. Avista and its affiliates are principal owners of both Lantheus and the company.

**Stock Repurchases**

On October 4, 2012, we repurchased 236,686 shares of each of our Class A common stock and Class B common stock from James T. Ogle for an aggregate purchase price of \$2,500,000. Mr. Ogle served as our Chief Executive Officer until December, 2012 and currently serves as Chairman of our Board.

On August 15, 2013, we repurchased 50,296 shares of each of our Class A common stock and Class B common stock from David N. Gill for an aggregate purchase price of \$425,000. Mr. Gill served as our Chief Financial Officer until August 15, 2013.

**Board Compensation**

Our directors who are employed by us, our subsidiaries or our Sponsors or any of their affiliates do not receive any compensation and will not receive compensation following this offering, except as limited to expense reimbursement. Our other directors will receive compensation for their service as members of our Board. See "Executive and Director Compensation Director Compensation."

**Employment Agreements**

We have entered into employment agreements with each of our NEOs. See "Executive and Director Compensation Employment Agreements."

**Indemnification Agreements**

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer, as applicable.



Table of Contents

**Policies for Approval of Related Person Transactions**

In connection with this offering, we will adopt a written policy relating to the approval of related person transactions. Our audit committee will review and approve or ratify all relationships and related person transactions between us and (i) our directors, director nominees, executive officers or their immediate family members, (ii) any 5% record or beneficial owner of our common stock, or (iii) any immediate family member of any person specified in (i) and (ii) above. Our compliance director will be primarily responsible for the development and implementation of processes and controls to obtain information from our directors and executive officers with respect to related party transactions and for determining, based on the facts and circumstances, whether we or a related person have a direct or indirect material interest in the transaction.

As set forth in the related person transaction policy, in the course of its review and approval or ratification of a related party transaction, the committee will consider:

the position within or relationship of the related person to us;

the materiality of the transaction to the related person and us, including the dollar value of the transaction, without regard to profit or loss;

the business purpose for and reasonableness of the transaction (including the anticipated profit or loss from the transaction), taken in the context of the alternatives available to us for attaining the purposes of the transaction;

whether the transaction is comparable to a transaction that could be available on an arms-length basis or is on terms that we offer generally to persons who are not related persons;

whether the transaction is in the ordinary course of our business and was proposed and considered in the ordinary course of business; and

the effect of the transaction on our business and operations, including on our internal control over financial reporting and system of disclosure controls or procedures, and any additional conditions or controls (including reporting and review requirements) that should be applied to such transaction.

Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the discussions or approval or ratification of the transaction. However, such member of the audit committee will provide all material information concerning the transaction to the audit committee.

Table of Contents

**PRINCIPAL STOCKHOLDERS**

**Security Ownership**

The following table shows information as of September 30, 2014 regarding the beneficial ownership of our Class A and Class B common stock (1) immediately following the corporate reorganization as described in "Corporate Reorganization" and the concurrent refinancing of our senior secured credit facilities but prior to this offering and (2) as adjusted to give effect to this offering by:

each person or group who is known by us to own beneficially more than 5% of our Class A and Class B common stock;

each member of our Board and each of our NEOs; and

all members of our Board and our executive officers as a group.

For further information regarding material transactions between us and our principal stockholders, see "Certain Relationships and Related Person Transactions."

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our Class A and Class B common stock shown as beneficially owned by them. Percentage of beneficial ownership is based on 38,063,538 shares of Class A common stock and 13,842,521 shares of Class B common stock, in each case outstanding as of September 30, 2014 and 49,483,408 shares of Class A common stock and 10,530,759 shares of Class B common stock outstanding after giving effect to this offering, assuming no exercise of the underwriters' option to purchase additional shares, or 51,196,389 shares of Class A common stock and 10,033,994 shares of Class B common stock, assuming full exercise of the option to purchase additional shares. Shares of Class A common stock subject to options currently exercisable or exercisable within 60 days of the date of this prospectus are deemed to be outstanding and beneficially owned by the person holding the options for the purposes of computing the percentage of beneficial ownership of that person and any group of which that person is a member, but are not deemed outstanding for the purpose of computing the percentage of beneficial ownership for any other person. Except as otherwise indicated, the persons named in the table below have sole voting and investment power with respect to all shares of capital stock held by them. Unless otherwise indicated, the address for each holder listed below is 3201 Beechleaf Court, Suite 600 Raleigh, North Carolina 27604-1547.

Table of Contents

Shares of common stock beneficially owned before this offering					Shares of common stock beneficially owned after this offering (assuming no exercise of the option to purchase additional shares)					Shares of common stock owned after this offering (assuming exercise of the option to purchase additional shares)		
Class A		Class B		Total	Class A		Class B		Total	Class A		Class B
Number of shares	Percentage of shares	Number of shares	Percentage of shares		Number of shares	Percentage of shares	Number of shares	Percentage of shares		Number of shares	Percentage of shares	
25,988,047	68.3%		0.0%	50.1%	25,988,047	52.5%		0.0%	43.3%	25,988,047	50.8%	
11,038,426	29.0%	13,842,521	100.0%	47.9%	14,350,188	29.0%	10,530,759	100.0%	41.3%	14,846,953	29.0%	10,033,9
272,788	*			*	272,788	*			*	272,788	*	
112,425	*			*	112,245	*			*	112,245	*	
180,805	*			*	180,805	*			*	180,805	*	
422,532	1.1%			*	422,532	*			*	422,532	*	
29,586	*			*	29,586	*			*	29,586	*	
41,421	*			*	41,421	*			*	41,421	*	
37,279	*			*	37,279	*			*	37,279	*	
<b>1,135,878</b>	<b>2.9%</b>				<b>1,135,878</b>	<b>2.3%</b>				<b>1,135,878</b>	<b>2.2%</b>	

\*

Represents beneficial ownership of less than 1%.

(1)

Represents percentage of total voting power reflecting (i) all shares of Class A common stock held by such holder and (ii) shares of Class A common stock issuable upon conversion of all shares of Class B common stock held by such holder.

(2)

Includes 15,819,143 shares held by Avista Capital Partners II, L.P., 5,194,791 shares held by Avista Capital Partners (Offshore) II, L.P., and 1,260,991 shares held by Avista Capital Partners (Offshore) II-A, L.P., 2,606,021 shares held by ACP INC Research Co-Invest, LLC, which we collectively refer to as Avista. Avista Capital Partners II GP, LLC ultimately exercises voting and dispositive power over the shares held by Avista

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Capital Partners II, L.P., Avista Capital Partners (Offshore) II, L.P., Avista Capital Partners (Offshore) II-A, L.P., ACP INC Research Co-Invest, LLC and INC Research Mezzanine Co-Invest, LLC. Voting and disposition decisions at Avista Capital Partners II GP, LLC with respect to those shares are made by an investment committee, the members of which are Thompson Dean, Steven Webster, David Burgstahler, David Durkin, Brendan Scollans and Sriram Venkataraman. The address for each of these entities is 65 East 55th Street, 18th Floor, New York, NY 10022.

- (3) Also includes 1,107,101 shares held by INC Research Mezzanine Co-Invest, LLC, over which Avista has voting and dispositive power.
- (4) Refers to shares owned by 1829356 Ontario Limited, a wholly-owned subsidiary of OTPP. Each of Terry Woodward and Steve Faraone may be deemed to have the power to dispose of the shares held by OTPP because of a delegation of authority from the Board of Directors of OTPP, and each expressly disclaims beneficial ownership of such shares. As the beneficial owner of Class B common stock, OTPP may, at any time, elect to convert shares of Class B common stock into an equal number of shares of Class A common stock, or convert shares of Class A common stock into an equal number of shares of Class B common stock. The table above does not reflect (i) shares of Class B common stock issuable upon conversion of Class A common stock or (ii) shares of Class A common stock issuable upon conversion of Class B common stock. The address of 1829356 Ontario Limited and OTPP is 5650 Yonge Street, Toronto, Ontario M2M 4H5.
- (5) Includes 249,109 options currently exercisable or exercisable within 60 days of the date of this prospectus.
- (6) Includes 112,425 options currently exercisable or exercisable within 60 days of the date of this prospectus.
- (7) Includes 133,823 options currently exercisable or exercisable within 60 days of the date of this prospectus.
- (8) Includes 185,846 options currently exercisable or exercisable within 60 days of the date of this prospectus.
- (9) Includes 23,669 options currently exercisable or exercisable within 60 days of the date of this prospectus.
- (10) Includes 23,669 options currently exercisable or exercisable within 60 days of the date of this prospectus.
- (11) Excludes shares held by Avista. Mr. Burgstahler is the President of the general partner of Avista Capital Partners GP, LLC and as a result may be deemed to beneficially own the shares owned by Avista. Mr. Burgstahler disclaims beneficial ownership of the shares held by Avista, except to the extent of his pecuniary intent therein.
- (12) Includes 23,669 options currently exercisable or exercisable within 60 days of the date of this prospectus.
- (13) Includes 791,262 options currently exercisable or exercisable within 60 days of the date of this prospectus.



Table of Contents

**DESCRIPTION OF CAPITAL STOCK**

The following discussion is a summary of the terms of our common stock, our amended and restated certificate of incorporation, our amended and restated bylaws and certain applicable provisions of Delaware law, as they will be in effect after giving effect to our corporate reorganization and a related 8.45-for-one reverse stock split prior to the consummation of this offering. This summary does not purport to be complete and is qualified in its entirety by reference to the actual terms and provision of our amended and restated certificate of incorporation and amended and restated bylaws, copies of which are exhibits to the registration statement of which this prospectus is a part.

**Authorized Capitalization**

Immediately following the consummation of this offering, our authorized capital stock will consist of (i) 300 million shares of Class A common stock, par value \$0.01 per share, (ii) 300 million shares of Class B common stock, par value \$0.01 per share, and (iii) 30 million shares of preferred stock, par value \$0.01 per share.

**Common Stock**

After giving effect to the corporate reorganization, our capital stock will consist of 49,483,408 shares of Class A common stock outstanding and 10,530,759 shares of Class B common stock outstanding. Holders of our common stock are entitled to the following rights.

***Voting Rights***

Each share of our Class A common stock will entitle its holder to one vote per share on all matters to be voted upon by the stockholders. Each share of our Class B common stock will entitle its holder to one vote per share on all matters to be voted upon by stockholders, except with respect to the election or removal of directors. Holders of Class A common stock and Class B common stock will vote together as a single class. There is no cumulative voting, which means that a holder or group of holders of more than 50% of the shares of our common stock can elect all of our directors. For a description of the Stockholders Agreement, see "Certain Relationships and Related Person Transactions Stockholders Agreement."

***Dividend Rights***

The holders of our common stock will be entitled to receive dividends when and as declared by our Board from legally available sources, subject to the prior rights of the holders of our preferred stock, if any.

***Conversion Rights***

The shares of Class A common stock will not be convertible except as provided below. The shares of Class B common stock will be convertible into Class A common stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Class A common stock for each share of Class B common stock, subject to adjustment for any stock splits, combinations or similar events. The shares of Class A common stock will be convertible into Class B common stock, in whole or in part, at any time and from time to time at the option of the holder so long as such holder then holds Class B common stock, on the basis of one share of Class B common stock for each share of Class A common stock, subject to adjustment for any stock splits, combinations or similar events.

Table of Contents

***Liquidation Rights***

In the event of our liquidation or dissolution, the holders of our common stock will be entitled to share ratably in the assets available for distribution after the payment of all of our debts and other liabilities, subject to the prior rights of the holders of our preferred stock, if any.

***Other Rights***

Our stockholders will not have preemptive or other rights to subscribe for additional shares. All holders of our common stock will be entitled to share equally on a share-for-share basis in any assets available for distribution to common stockholders upon our liquidation, dissolution or winding up. All outstanding shares are, and all shares offered by this prospectus will be, when sold, validly issued, fully paid and nonassessable.

**Preferred Stock**

After giving effect to the corporate reorganization, we will have no shares of preferred stock outstanding. Upon the closing of this offering, our Board will be authorized, without further stockholder approval, to issue from time to time up to an aggregate of 30 million shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each such series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series. We have no present plans to issue any shares of preferred stock.

**Registration Rights**

Certain of our existing stockholders have certain registration rights with respect to our common stock pursuant to a stockholders agreement. See "Certain Relationships and Related Person Transactions Registration Rights."

**Anti-takeover Provisions**

Our amended and restated certificate of incorporation and amended and restated bylaws will contain provisions that delay, defer or discourage transactions involving an actual or potential change in control of us or change in our management. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our Board the power to discourage transactions that some stockholders may favor, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Accordingly, these provisions could adversely affect the price of our common stock.

***Classified Board***

Our amended and restated certificate of incorporation will provide that our Board will initially consist of eight directors, and that our Board will be divided into three classes, with one class being elected at each annual meeting of stockholders. Each director will serve a three-year term, with termination staggered according to class. Class I will initially consist of two directors, Class II will initially consist of three directors, and Class II will initially consist of three directors. The size of our Board may thereafter be fixed from time to time solely by resolution of at least a majority of the directors then in office.

Table of Contents

Our amended and restated certificate of incorporation will provide that directors may only be removed for cause by the affirmative vote of the remaining members of the Board or the holders of at least a majority of the voting power of all outstanding shares of common stock then entitled to vote on the election of directors. Furthermore, any vacancy on our Board, however occurring, including a vacancy resulting from an increase in the size of our Board, may only be filled by the affirmative vote of a majority of our directors then in office, even if less than a quorum. Directors nominated by a Sponsor may be removed from office with or without cause by the affirmative vote of such Sponsor without a meeting.

The classification of our Board could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

***Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals***

Our amended and restated bylaws will provide that special meetings of the stockholders may be called only upon the request of a majority of our Board or upon the request of the Chief Executive Officer or the chair of the Board. Our amended and restated bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control or management of our company.

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our Board or a committee of the Board. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with the advance notice requirements of directors, which may be filled only by a vote of a majority of directors then in office, even though less than a quorum, and not by the stockholders. Our amended and restated bylaws will allow the presiding officer at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

***No Stockholder Action by Written Consent***

Our amended and restated certificate of incorporation will provide that, subject to the rights of any holders of preferred stock to act by written consent instead of a meeting, stockholder action may be taken only at an annual meeting or special meeting of stockholders and may not be taken by written consent instead of a meeting, unless the Sponsors and their affiliates own at least 50% of our outstanding common stock or the action to be taken by written consent of stockholders and the taking of this action by written consent has been expressly approved in advance by the Board. Failure to satisfy any of the requirements for a stockholder meeting could delay, prevent or invalidate stockholder action.

***Section 203 of the DGCL***

Our amended and restated certificate of incorporation will provide that the provisions of Section 203 of the DGCL which relate to business combinations with interested stockholders, do not apply to us. Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination transaction with an interested stockholder (a stockholder who owns more than 10% of our common stock) for a period of three years after the interested stockholder became such unless the transaction fits within an applicable exemption, such as board approval of the business combination or the transaction that resulted in such stockholder becoming



Table of Contents

an interested stockholder. These provisions would apply even if the business combination could be considered beneficial by some stockholders. Although we intend to opt out of the statute's provisions, we could elect to be subject to Section 203 in the future.

**Amendment to Bylaws and Certificate of Incorporation**

Any amendment to our amended and restated certificate of incorporation must first be approved by a majority of our Board and (i) thereafter be approved by a majority of the outstanding shares entitled to vote on the amendment, or (ii) if related to provisions regarding the classification of the Board, the removal of directors, director vacancies, forum selection for certain lawsuits or the amendment of certain provisions of our bylaws or certificate of incorporation, thereafter be approved by at least 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares entitled to vote on the amendment. A vote of the majority of Class B common stock, voting separately, is required to change the voting rights of Class B common stock or to change their rights disproportionately to those of Class A common stock. For so long as the Sponsors beneficially own 10% or more of our issued and outstanding common stock entitled to vote generally in the election of directors, any amendment to provisions regarding Section 203 of the DGCL or corporate opportunities must also receive the Sponsors' prior written consent. Our bylaws may be amended (x) by the affirmative vote of a majority of the directors then in office, subject to any limitations set forth in the bylaws, without further stockholder action or (y) by the affirmative vote of at least 50.1% of the outstanding shares entitled to vote on the amendment, without further action by our Board.

**Authorized but Unissued Shares**

The authorized but unissued shares of our common stock and our preferred stock will be available for future issuance without any further vote or action by our stockholders. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of our common stock and our preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

**Exclusive Forum**

Our amended and restated certificate of incorporation will provide that, subject to certain exceptions, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for certain stockholder litigation matters. However, it is possible that a court could rule that this provision is unenforceable or inapplicable.

**Corporate Opportunities**

Our amended and restated certificate of incorporation will provide that neither a Sponsor nor a director nominated by a Sponsor will have any obligation to offer us an opportunity to participate in business opportunities presented to such Sponsor even if the opportunity is one that we might reasonably have pursued (and therefore may be free to compete with us in the same business or similar businesses), and that, to the extent permitted by law, no Sponsor will be liable to us or our stockholders for breach of any duty by reason of any such activities.

**Listing**

We have applied to list our Class A common stock on the NASDAQ under the symbol "INCR."

**Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is Computershare Trust Company, N.A.

Table of Contents

**DESCRIPTION OF MATERIAL INDEBTEDNESS**

**Senior Secured Facilities**

***General***

Concurrently with the closing of this offering, we intend to refinance our existing senior secured credit facilities with new senior secured credit facilities in an aggregate principal amount of \$525.0 million, consisting of a \$425.0 million term loan facility and a \$100.0 million revolving credit facility pursuant to an Amended and Restated Credit Agreement among INC Research, LLC, our wholly owned subsidiary, as the borrower, the lenders party thereto, Goldman Sachs Bank USA, as administrative agent and collateral agent, and the other parties thereto (the "Amended and Restated Credit Agreement"). We intend to use the proceeds of the \$134.0 million of additional term loan borrowings, along with the proceeds of this offering and, assuming an initial public offering price of \$18.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, \$73.1 million of cash on hand, to redeem all of our outstanding Notes and pay any redemption premiums, make-whole interest and related fees and expenses. The following is a brief description of the anticipated principal terms of our new senior secured credit facilities. However, the final terms may not be determined until shortly before completion of this offering and may differ from those described below.

Under the Amended and Restated Credit Agreement, or the 2014 Credit Agreement, the term loan and revolving facilities can be increased (and/or new term loans or revolving commitments can be added) in an aggregate amount not to exceed \$150.0 million, plus (x) in the case of any incremental facilities that serve to effectively extend the maturity of the term facility and/or revolving facility then in effect, an amount equal to the reductions in such loans or commitments to be replaced thereby plus (y) the amount of any voluntary prepayment of term loans under the term loan facility and/or any permanent reduction of the commitments under the revolving facility then in existence plus (z) an unlimited amount subject to (1) if such indebtedness is secured on a pari passu basis with the senior secured credit facilities, compliance on a pro forma basis with a secured net leverage ratio of no greater than 3.25 to 1.00, (2) if such indebtedness is secured by a lien that is junior to the lien securing the senior secured credit facilities, compliance on a pro forma basis with a secured net leverage ratio of no greater than 3.50 to 1.00 and (3) if such indebtedness is unsecured, compliance on a pro forma basis with a total net leverage ratio of no greater than 5.75 to 1.00 (or, following certain qualified public offerings as set forth in the 2014 Credit Agreement, 5.00 to 1.00). The new lenders under the new senior secured credit facilities will not be under any obligation to provide such additional commitments, and any increase in commitments is subject to customary conditions precedent.

***Interest Rates and Fees***

Borrowings under the new senior secured facilities will bear interest at a rate per annum equal to an adjusted LIBOR plus an applicable margin to be specified in the 2014 Credit Agreement (with a LIBOR floor of 1.00% for the term loan) or alternate base rate plus an applicable margin to be specified in the 2014 Credit Agreement, in each case, subject to step-downs in accordance with a pricing grid.

***Maturity; Prepayments***

The term loan facility is expected to mature on the seven-year anniversary of the closing date with respect to the 2014 Credit Agreement. The new term loan facility is expected to amortize in equal quarterly installments equal to 1.0 percent per annum of the original principal amount of the term loans until the maturity date.

Table of Contents

Our new senior secured facilities will require us to prepay outstanding term loans, subject to certain exceptions, with:

100% of the net cash proceeds of certain non-ordinary course sales or dispositions of assets (including as a result of casualty or condemnation); we may reinvest or commit to reinvest certain of those proceeds in assets useful in our business within 12 months (or in the case of commitments to reinvest within such 12-month period, so long as such reinvestment is completed within an additional six months) in lieu of making such prepayment;

100% of the net cash proceeds from issuances or incurrence of debt, other than proceeds from debt permitted under the senior secured facilities; and

50% (with leverage-based stepdowns) of our excess cash flow.

The foregoing mandatory prepayments will be applied to the scheduled installments of principal of the term loan facility in direct order of maturity. We may voluntarily prepay outstanding loans under our senior secured facilities in whole or in part upon prior notice, to be applied as we may direct. Voluntary prepayments may be made without premium or penalty, other than (a) a prepayment premium of 1% applicable to any prepayment of term loans that is made in connection with a re-pricing transaction that occurs on or prior to the six month anniversary of closing date of the 2014 Credit Agreement and (b) certain fees incurred in connection with redeployment costs.

The final maturity date of the new revolving credit facility is expected to be the five-year anniversary of the closing date with respect to the 2014 Credit Agreement.

***Guarantors***

All obligations under our senior secured facilities will be guaranteed by INC Holdings, and each of INC's direct and indirect wholly-owned domestic subsidiaries, other than certain excluded subsidiaries, collectively, the guarantors.

***Security***

All of INC's (and the guarantors') obligations will be secured, subject to permitted liens and other exceptions, by a first-priority perfected security interest in substantially all of their assets, including, but not limited to (1) a perfected pledge of all the domestic capital stock owned by INC and the guarantors, and (2) perfected security interests in and mortgages on substantially all tangible and intangible personal property and material fee-owned property, in each case, subject to certain exclusions.

***Covenants, Representations and Warranties***

The 2014 Credit Agreement is expected to contain customary representations and warranties and customary affirmative and negative covenants, including, with respect to restrictive covenants, among other things, restrictions to:

create any liens;

make investments and acquisitions;

incur or guarantee additional indebtedness;

enter into mergers or consolidations and other fundamental changes;

conduct sales and other dispositions of property or assets;

enter into sale-leaseback transactions;

change the status of INC Holdings as a passive holding company;

change the applicable fiscal year;

prepay subordinated debt;

Table of Contents

pay dividends or make other payments in respect of capital stock;

change the line of business;

enter into transactions with affiliates; and

enter into burdensome agreements with negative pledge clauses or clauses restricting subsidiary distributions.

In addition, the revolving facility is expected to be subject to a "springing" financial covenant that will require INC to maintain a secured leverage ratio of 4.0 to 1.0 when the sum of revolving loans, swingline loans and letters of credit (other than letters of credit in an aggregate amount up to \$5.0 million and any letters of credit that are cash collateralized), outstanding as of the last day of any four-fiscal quarter period, is greater than 30% of the revolving commitments. For purposes of determining compliance with the financial covenant (when applicable), a cash equity contribution made to INC can be included in the calculation of EBITDA subject to certain conditions.

***Events of Default***

Events of default under the 2014 Credit Agreement will include, among others, non-payment of principal when due, nonpayment of interest or other amounts subject to a grace period, covenant defaults (subject to a grace period in the case of affirmative covenants), material inaccuracy of representations or warranties, bankruptcy and insolvency events, cross defaults to material indebtedness, material judgments, certain ERISA events, actual or asserted invalidity of any guarantee or security document or nonperfection of security interests and a change of control.

Table of Contents

**SHARES ELIGIBLE FOR FUTURE SALE**

Prior to this offering, there has been no public market for our Class A common stock. Future sales of our Class A common stock in the public market or the perception that sales may occur, could materially adversely affect the prevailing market price of our Class A common stock at such time and our ability to raise equity capital in the future.

**Sale of Restricted Securities**

Upon consummation of this offering, we will have 60,014,167 shares of our Class A common stock and Class B common stock outstanding (or 61,230,383 shares, if the underwriters exercise their option to purchase additional shares in full). Of these shares, the 8,108,108 shares sold in this offering (or 9,324,324 shares, if the underwriters exercise their option to purchase additional shares in full) will be freely tradable without further restriction or registration under the Securities Act, except that any shares purchased by our affiliates may generally only be sold in compliance with Rule 144, which is described below. Of the remaining outstanding shares, 51,906,069 shares will be deemed "restricted securities" under the Securities Act.

**Lock-Up Arrangements and Registration Rights**

In connection with this offering, we, each of our directors, executive officers and certain stockholders, will enter into lock-up agreements described under "Underwriting" that restrict the sale of our securities for up to 180 days after the date of this prospectus, subject to certain exceptions or an extension in certain circumstances.

In addition, following the expiration of the lock-up period, certain stockholders will have the right, subject to certain conditions, to require us to register the sale of their shares of our common stock under federal securities laws. See "Certain Relationships and Related Person Transactions Registration Rights." If these stockholders exercise this right, our other existing stockholders may require us to register their registrable securities.

Following the lock-up periods described above, all of the shares of our Class A common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Notwithstanding the foregoing, the amended and restated Stockholders Agreement will continue to contain restrictions on the ability of the employee stockholders to transfer shares of our Class A common stock that they own, including provisions that only allow employee stockholders to transfer shares of our Class A common stock following our initial public offering in proportion with any transfers by the Sponsor, until such time as the Sponsors have sold at least 50% of the common stock they own immediately prior to our initial public offering.

**Rule 144**

The shares of our Class A common stock sold in this offering will generally be freely transferable without restriction or further registration under the Securities Act, except that any shares of our Class A common stock held by an "affiliate" of ours may not be resold publicly except in compliance with the registration requirements of the Securities Act or under an exemption under Rule 144 or otherwise. Rule 144 permits our Class A common stock that has been acquired by a person who is an affiliate of ours, or has been an affiliate of ours within the past three months, to be sold into the market in an amount that does not exceed, during any three-month period, the greater of:

one percent of the total number of shares of our Class A common stock outstanding; or

Table of Contents

the average weekly reported trading volume of our Class A common stock for the four calendar weeks prior to the sale.

Such sales are also subject to specific manner of sale provisions, a six-month holding period requirement, notice requirements and the availability of current public information about us.

Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of our Class A common stock that are restricted securities, will be entitled to freely sell such shares of our Class A common stock subject only to the availability of current public information regarding us. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned for at least one year shares of our Class A common stock that are restricted securities, will be entitled to freely sell such shares of our Class A common stock under Rule 144 without regard to the current public information requirements of Rule 144.

**Rule 701**

Rule 701 generally allows a stockholder who purchased shares of our capital stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

**Additional Registration Statements**

We intend to file a registration statement on Form S-8 under the Securities Act to register 3,876,336 shares of our Class A common stock reserved for issuance under the 2010 Plan upon the exercise of existing stock options and 3,272,828 shares of our Class A common stock to be issued or reserved for issuance under the 2014 Plan. Such registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing with the SEC. Accordingly, shares registered under such registration statement, including 3,876,336 shares of unrestricted Class A common stock and 3,272,828 shares of restricted Class A common stock to be issued under our 2010 Plan and our 2014 Plan, will be available for sale in the open market, unless such shares are subject to vesting restrictions with us or the lock-up restrictions described above.

Table of Contents

**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS**

The following discussion summarizes the material U.S. federal income and estate tax consequences to non-U.S. holders (as defined below) of ownership and disposition of our Class A common stock. This summary does not provide a complete analysis of all potential U.S. federal income tax and estate tax considerations relating thereto. The information provided below is based on the Internal Revenue Code of 1986, as amended (the "Code"), and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations as of the date hereof, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein. In addition, this summary does not address the Medicare tax on certain investment income or any state, local or foreign taxes or any U.S. federal tax laws other than U.S. federal income tax laws and estate tax laws. Persons considering the purchase, ownership, or disposition of our Class A common stock should consult their tax advisors concerning U.S. federal, state, local, foreign or other tax consequences in light of their particular situations.

As used in this section, a "non-U.S. holder" is a beneficial owner of our Class A common stock that is not, for U.S. federal income tax purposes:

any individual who is a citizen or resident of the United States,

a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia,

any estate the income of which is subject to U.S. federal income taxation regardless of its source, or

any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are an individual, you may, in many cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For these purposes, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens. Such an individual is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the ownership or disposition of our Class A common stock. If an entity that is classified as a partnership for U.S. federal income tax purposes is a beneficial owner of our Class A common stock, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. If you are a partner of a partnership holding shares of our Class A common stock, you should consult your own tax advisor.

This discussion assumes that a non-U.S. holder will hold our Class A common stock as a capital asset (generally, property held for investment). The summary generally does not address tax considerations that may be relevant to particular investors because of their specific circumstances, or because they are subject to special rules, including, without limitation if the investor is a "controlled foreign corporation," "passive foreign investment company," former citizen or long-term resident of the United States or partnership or other pass-through entity for U.S. federal income tax purposes. If you fall within any of the foregoing categories, this description does not apply to you, and you should consult with your own tax advisor about the tax consequences of acquiring, owning, and disposing of our Class A common stock.



Table of Contents

**INVESTORS CONSIDERING THE PURCHASE OF OUR CLASS A COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE CONSEQUENCES OF FOREIGN, STATE OR LOCAL LAWS AND TAX TREATIES.**

**Distributions on Class A Common Stock**

We do not expect to declare or pay any dividends on our Class A common stock in the foreseeable future. If we do pay dividends on shares of our Class A common stock, however, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a non-U.S. holder's adjusted tax basis in shares of our Class A common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of our Class A common stock. See " Dispositions of Class A Common Stock."

Any dividend paid to a non-U.S. holder on our Class A common stock will generally be subject to U.S. federal withholding tax at a 30% rate. The withholding tax might not apply, however, or might apply at a reduced rate, under the terms of an applicable income tax treaty between the United States and the non-U.S. holder's country of residence. You should consult your tax advisors regarding your entitlement to benefits under a relevant income tax treaty. Generally, in order for us or our paying agent to withhold tax at a lower treaty rate, a non-U.S. holder must certify its entitlement to treaty benefits. A non-U.S. holder generally can meet this certification requirement by providing a properly completed Internal Revenue Service ("IRS") Form W-8BEN or W-8BEN-E, as applicable (or any successor form), or appropriate substitute form to us or our paying agent. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to the agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by a non-U.S. holder that are effectively connected with a U.S. trade or business conducted by the non-U.S. holder, and if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, are attributable to a permanent establishment (or, in certain cases involving individual holders, a fixed base) maintained by the non-U.S. holder in the United States, are not subject to such withholding tax. To obtain this exemption, a non-U.S. holder must provide us with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition to the graduated tax described above, such effectively connected dividends received by corporate non-U.S. holders may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

**Dispositions of Class A Common Stock**

Subject to the discussion below on backup withholding and other withholding requirements, gain realized by a non-U.S. holder on a sale, exchange or other disposition of our Class A common stock generally will not be subject to U.S. federal income or withholding tax, unless:

the gain (1) is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business and (2) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment

Table of Contents

(or, in certain cases involving individual holders, a fixed base) maintained by the non-U.S. holder in the United States (in which case the special rules described below apply),

the non-U.S. holder is an individual who is present in the United States for 183 or more days in the taxable year of such disposition and certain other conditions are met (in which case the gain would be subject to a flat 30% tax, or such reduced rate as may be specified by an applicable income tax treaty, which may be offset by U.S. source capital losses), or

we are, or have been, a U.S. real property holding corporation (a "USRPHC") for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition of our Class A common stock and the non-U.S. holder's holding period for our Class A common stock.

Generally, a corporation is a USRPHC if the fair market value of its "United States real property interests" equals 50% or more of the sum of the fair market value of (a) its worldwide real property interests and (b) its other assets used or held for use in a trade or business. The tax relating to stock in a USRPHC does not apply to a non-U.S. holder whose holdings, actual and constructive, amount to 5% or less of our Class A common stock at all times during the applicable period, provided that our Class A common stock is regularly traded on an established securities market. We believe we have not been and are not currently a USRPHC, and do not anticipate being a USRPHC in the future.

If any gain from the sale, exchange or other disposition of our Class A common stock, (1) is effectively connected with a U.S. trade or business conducted by a non-U.S. holder and (2) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment (or, in certain cases involving individuals, a fixed base) maintained by such non-U.S. holder in the United States, then the gain generally will be subject to U.S. federal income tax at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. If the non-U.S. holder is a corporation, it also may be subject to the branch profits tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty.

**U.S. Federal Estate Tax**

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our Class A common stock will be U.S. situs property and therefore will be included in the taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise.

**Backup Withholding and Information Reporting**

Any dividends on our Class A common stock that are paid to a non-U.S. holder must be reported annually to the IRS and to the non-U.S. holder. Copies of these information returns also may be made available to the tax authorities of the country in which the non-U.S. holder resides under the provisions of various treaties or agreements for the exchange of information. Unless the non-U.S. holder is an exempt recipient, dividends paid on our Class A common stock and the gross proceeds from a taxable disposition of our Class A common stock may be subject to additional information reporting and may also be subject to U.S. federal backup withholding (at a rate of 28%) if such non-U.S. holder fails to comply with applicable U.S. information reporting and certification requirements. Provision of any properly completed IRS Form W-8 appropriate to the non-U.S. holder's circumstances will satisfy the certification requirements necessary to avoid the backup withholding tax.

Table of Contents

Backup withholding is not an additional tax. Any amounts so withheld under the backup withholding rules will be refunded by the IRS or credited against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

**Other Withholding Requirements**

In addition to the withholding taxes discussed above, if a non-U.S. holder is a certain type of foreign entity (including, in some instances, a foreign entity acting as an intermediary), withholding tax of 30% under sections 1471 through 1474 of the Code (commonly referred to as "FATCA") will be imposed on dividends on our Class A common stock and, after December 31, 2016, on the gross proceeds of dispositions of our Class A common stock, unless such holder has satisfied various U.S. information reporting and due diligence requirements generally relating to its U.S. owners and account holders or otherwise qualifies for an exemption from these rules. These new requirements are different from, and in addition to, the beneficial owner certification requirements described above. If a non-U.S. holder is located in a jurisdiction that has an intergovernmental agreement with the United States governing FATCA, such holder may be subject to different rules. Non-U.S. holders should consult their tax advisors regarding the possible implications of FATCA on their investment in our Class A common stock.

**THE PRECEDING DISCUSSION OF U.S. FEDERAL TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY. IT IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR CLASS A COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.**

Table of Contents

**UNDERWRITING**

The company and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and Credit Suisse Securities (USA) LLC are the representatives of the underwriters.

<b>Underwriters</b>	<b>Number of Shares</b>
Goldman, Sachs & Co.	
Credit Suisse Securities (USA) LLC	
Robert W. Baird & Co. Incorporated	
Wells Fargo Securities, LLC	
William Blair & Company L.L.C.	
Total	8,108,108

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 1,216,216 shares from the company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by the company. We have agreed to reimburse the underwriters for certain of their expenses, in an amount of up to \$30,000, as set forth in the underwriting agreement. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 1,216,216 additional shares.

<b>Paid by the Company</b>	<b>No Exercise</b>	<b>Full Exercise</b>
Per Share	\$	\$
Total	\$	\$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The company and its officers, directors, and holders of substantially all of the company's common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman, Sachs & Co. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among the company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company's historical performance, estimates of the business potential



Table of Contents

and earnings prospects of the company, an assessment of the company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

The company has applied to list the Class A common stock on the NASDAQ under the symbol "INCR."

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NASDAQ, in the over-the-counter market or otherwise.

*European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than

Table of Contents

qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in

Table of Contents

accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

The company estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$ .

The company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses. An affiliate of Goldman, Sachs & Co. is the administrative agent and collateral agent under our new credit facilities for which it receives customary fees. In addition, affiliates of Goldman, Sachs & Co., Credit Suisse Securities (USA) LLC and Wells Fargo Securities, LLC acted as joint lead arrangers and joint bookrunners of our new senior secured credit facilities.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.



Table of Contents

**LEGAL MATTERS**

Weil, Gotshal & Manges LLP, New York, New York, has passed upon the validity of the shares of Class A common stock offered under this prospectus. Certain legal matters in connection with the offering will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York.

**EXPERTS**

The consolidated financial statements of INC Research Holdings, Inc. at December 31, 2013 and 2012, and for each of the three years in the period ended December 31, 2013, appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and the shares of Class A common stock offered hereby, you should refer to the registration statement and to the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. When we complete this offering, we will be required to file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings, including our registration statement and the exhibits and schedules thereto, may be inspected without charge at the public reference room maintained by the SEC located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of all or any portion of the registration statements and the filings may be obtained from such offices upon payment of prescribed fees. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330 or (202) 551-8090. The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

You may obtain a copy of any of our filings, at no cost, by writing or telephoning us at:

INC Research Holdings, Inc.  
3201 Beechleaf Court, Suite 600  
Raleigh, North Carolina 27604-1547  
(919) 876-9300  
Attn: Corporate Secretary

Table of Contents

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Page</b>
<b>Audited Financial Statements of INC Research Holdings, Inc.</b>	
<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Statements of Operations for the years ended December 31, 2013, December 31, 2012 and December 31, 2011</u>	<u>F-3</u>
<u>Consolidated Statements of Comprehensive Loss for the years ended December 31, 2013, December 31, 2012 and December 31, 2011</u>	<u>F-4</u>
<u>Consolidated Balance Sheets as of December 31, 2013 and December 31, 2012</u>	<u>F-5</u>
<u>Consolidated Statements of Stockholders' Equity for the years ended December 31, 2013, December 31, 2012 December 31, 2011</u>	<u>F-6</u>
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2013, December 31, 2012 and December 31, 2011</u>	<u>F-7</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-8</u>
<b>Unaudited Financial Statements of INC Research Holdings, Inc.</b>	
<u>Consolidated Statements of Operations for the nine months ended September 30, 2014 and September 30, 2013</u>	<u>F-50</u>
<u>Consolidated Statements of Comprehensive Income (Loss) for the nine months ended September 30, 2014 and September 30, 2013</u>	<u>F-51</u>
<u>Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013</u>	<u>F-52</u>
<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and September 30, 2013</u>	<u>F-53</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>F-54</u>

Table of Contents

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders of INC Research Holdings, Inc.

We have audited the accompanying consolidated balance sheets of INC Research Holdings, Inc. and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of INC Research Holdings, Inc. and subsidiaries at December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Raleigh, North Carolina

July 17, 2014, except the last paragraph of Note 1 and paragraph 4 of Note 17, as to which the date is November 3, 2014

Table of Contents**INC Research Holdings, Inc. and Subsidiaries****Consolidated Statements of Operations**

(Amounts in thousands, except per share data)

	<b>Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net service revenue	\$ 652,418	\$ 579,145	\$ 437,005
Reimbursable out-of-pocket expenses	342,672	289,455	218,981
<b>Total revenue</b>	<b>995,090</b>	<b>868,600</b>	<b>655,986</b>
Direct costs	432,261	389,056	279,840
Reimbursable out-of-pocket expenses	342,672	289,455	218,981
Selling, general, and administrative	117,890	109,428	95,063
Restructuring and other costs	11,828	35,380	27,839
Transaction expenses	508		10,322
Goodwill impairment		4,000	
Depreciation	19,175	19,915	15,700
Amortization	39,298	58,896	48,436
<b>Total operating expenses</b>	<b>963,632</b>	<b>906,130</b>	<b>696,181</b>
<b>Income (loss) from operations</b>	<b>31,458</b>	<b>(37,530)</b>	<b>(40,195)</b>
Other income (expense), net:			
Interest income	310	239	151
Interest expense	(60,799)	(62,246)	(65,633)
Other (expense) income, net	(1,649)	4,679	11,519
<b>Total other expense, net</b>	<b>(62,138)</b>	<b>(57,328)</b>	<b>(53,963)</b>
<b>Loss before provision for income taxes</b>	<b>(30,680)</b>	<b>(94,858)</b>	<b>(94,158)</b>
Income tax (expense) benefit	(10,849)	35,744	34,611
<b>Net loss</b>	<b>(41,529)</b>	<b>(59,114)</b>	<b>(59,547)</b>
Class C common stock dividends	(500)	(500)	(4,500)
<b>Net loss attributable to Class A common stockholders</b>	<b>\$ (42,029)</b>	<b>\$ (59,614)</b>	<b>\$ (64,047)</b>

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Basic and diluted net loss per share attributable to Class A common stockholders	\$	(0.81)	\$	(1.14)	\$	(1.46)
Basic and diluted weighted average Class A common shares outstanding		52,009		52,203		43,875
Basic and diluted unaudited pro forma net loss per common share (see Note 12)	\$	(0.09)				
Basic and diluted unaudited pro forma weighted average common shares outstanding (see Note 12)		60,117				

See accompanying notes.

F-3

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Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Loss**  
 (Amounts in thousands)

	<b>Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net loss	\$ (41,529)	\$ (59,114)	\$ (59,547)
Foreign currency translation adjustments, net of tax expense of \$44, \$0, and \$0, respectively	70	(1,945)	(15,090)
<b>Comprehensive loss</b>	<b>\$ (41,459)</b>	<b>\$ (61,059)</b>	<b>\$ (74,637)</b>

See accompanying notes.

Table of Contents**INC Research Holdings, Inc. and Subsidiaries****Consolidated Balance Sheets**

(Amounts in thousands, except share data)

	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 96,972	\$ 81,363
Restricted cash	569	1,051
Accounts receivable:		
Billed, net	129,628	104,729
Unbilled	99,207	122,536
Current portion of deferred income taxes	14,378	8,988
Prepaid expenses and other current assets	35,428	35,688
Total current assets	376,182	354,355
Property and equipment, net	40,947	42,196
Goodwill	563,365	565,118
Intangible assets, net	231,051	270,688
Deferred income taxes, less current portion	3,780	4,751
Other long-term assets	17,786	20,546
Total assets	\$ 1,233,111	\$ 1,257,654
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 9,594	\$ 17,138
Accrued liabilities	94,221	87,472
Deferred revenue	207,188	199,747
Current portion of long-term debt	4,713	3,000
Current portion of capital lease obligations	2,292	2,915
Total current liabilities	318,008	310,272
Long-term debt, less current portion	587,202	585,786
Capital lease obligations, less current portion	272	2,485
Deferred income taxes	29,233	21,837
Other long-term liabilities	22,189	20,444
Total liabilities	956,904	940,824
Commitments and contingencies		
Stockholders' equity:		

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Common stock:

236,686,440 shares authorized, \$0.01 par value, 105,137,137, and 105,064,947, shares issued, 103,794,889, and 104,015,243 shares outstanding at December 31, 2013 and 2012, respectively	1,051	1,051
Additional paid-in capital	480,579	477,853
Treasury stock, at cost	(6,751)	(5,361)
Accumulated other comprehensive loss	(9,841)	(9,911)
Accumulated deficit	(188,831)	(146,802)
Total stockholders' equity	276,207	316,830
Total liabilities and stockholders' equity	\$ 1,233,111	\$ 1,257,654

See accompanying notes.

F-5



Table of Contents

## INC Research Holdings, Inc. and Subsidiaries

## Consolidated Statements of Stockholders' Equity

(Amounts in thousands)

	Common Stock		Additional	Treasury	Accumulated Other Comprehensive	Accumulated	Total
	Shares	Amount	Paid-in Capital	Stock	Income (Loss)	Deficit	Stockholders' Equity
Balance at December 25, 2010	74,183	\$ 742	\$ 312,988	\$	\$ 7,124	\$ (23,141)	\$ 297,713
Issuance of common shares	30,804	308	162,036				162,344
Treasury stock acquired	(529)			(2,606)			(2,606)
Stock-based compensation			1,176				1,176
Dividends paid						(4,500)	(4,500)
Net loss						(59,547)	(59,547)
Foreign currency translation adjustment, net of tax expense, \$0					(15,090)		(15,090)
Balance at December 31, 2011	104,458	1,050	476,200	(2,606)	(7,966)	(87,188)	379,490
Issuance of common shares	71	1	374				375
Treasury stock acquired	(521)			(2,755)			(2,755)
Exercise of stock options	7		31				31
Stock-based compensation			1,248				1,248
Dividends paid						(500)	(500)
Net loss						(59,114)	(59,114)
Foreign currency translation adjustment, net of tax expense, \$0					(1,945)		(1,945)
Balance at December 31, 2012	104,015	1,051	477,853	(5,361)	(9,911)	(146,802)	316,830
Treasury stock acquired	(292)			(1,390)			(1,390)
Exercise of stock options	72		307				307
Stock-based compensation			2,419				2,419
Dividends paid						(500)	(500)
Net loss						(41,529)	(41,529)
Foreign currency translation adjustment, net of tax expense, \$44					70		70
Balance at December 31, 2013	103,795	\$ 1,051	\$ 480,579	\$ (6,751)	\$ (9,841)	\$ (188,831)	\$ 276,207

See accompanying notes.

F-6

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Table of Contents**INC Research Holdings, Inc. and Subsidiaries****Consolidated Statements of Cash Flows**

(Amounts in thousands)

	<b>Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating activities</b>			
Net loss	\$ (41,529)	\$ (59,114)	\$ (59,547)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	58,473	78,811	64,136
Amortization of capitalized loan fees	7,073	5,165	11,824
Stock-based compensation	2,419	1,248	1,176
Allowance for doubtful accounts	77	777	1,090
Deferred income taxes	3,646	(45,195)	(36,508)
Foreign currency adjustments	409	(2,474)	(6,852)
Gain on purchase of equity affiliate		(2,735)	
Impairment of goodwill		4,000	
Loss on asset disposals	477	3,404	113
Other			1,029
Changes in operating assets and liabilities:			
Restricted cash	477	1,530	(395)
Accounts receivable and unbilled	(2,537)	37,537	(7,967)
Accounts payable and accrued expenses	(438)	(2,105)	(5,455)
Deferred revenue	7,036	8,363	9,950
Other assets and liabilities	1,687	13,787	8,873
Net cash provided by (used in) operating activities	37,270	42,999	(18,533)
<b>Investing activities</b>			
Acquisition of business, net of cash acquired		(3,383)	(364,907)
Purchase of property and equipment	(17,714)	(9,591)	(4,763)
Net cash used in investing activities	(17,714)	(12,974)	(369,670)
<b>Financing activities</b>			
Proceeds from issuance of long-term debt			591,442
Payments of costs associated with issuance of long-term debt			(23,338)
Proceeds from the refinancing of long-term debt	2,835		
Payments on long-term debt	(3,520)	(3,000)	(307,173)
Borrowing on the revolving line of credit			28,000
Repayments on the revolving line of credit		(7,000)	(21,000)
Payments of contingent consideration related to business combinations	(1,266)	(2,663)	
Principal payments toward capital lease obligations	(3,307)	(3,420)	(1,117)
Proceeds from the issuance of common stock		375	162,345
Proceeds from the exercise of stock options	307	31	
Dividends paid	(500)	(500)	(4,500)
Treasury stock repurchases	(1,390)	(2,755)	(2,606)
Net cash (used in) provided by financing activities	(6,841)	(18,932)	422,053

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Effect of exchange rate changes on cash and cash equivalents	2,894	(690)	(3,627)
Net change in cash and cash equivalents	15,609	10,403	30,223
Cash and cash equivalents at the beginning of the year	81,363	70,960	40,737
Cash and cash equivalents at the end of the year	\$ 96,972	\$ 81,363	\$ 70,960

**Supplemental disclosure of cash flow information**

Cash paid (refunded) for income taxes	\$ 2,896	\$ 3,419	\$ (9,780)
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Cash paid for interest	\$ 54,191	\$ 57,035	\$ 27,604
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Supplemental disclosure of noncash financing activities

Capital lease obligations for purchase of property and equipment	\$ 470	\$ 713	\$ 7,730
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See accompanying notes.

F-7

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies**

**Principal Business**

The Company is a Contract Research Organization (CRO) providing a comprehensive range of clinical development services for the biopharmaceutical and medical device industries to its customers across various therapeutic areas. The international infrastructure of the Company's development business enables it to conduct Phase I to Phase IV clinical trials globally for pharmaceutical and biotechnology companies.

**Organization**

On August 13, 2010, INC Research Holdings, Inc. (the Company, Parent or Holdings) was incorporated in the state of Delaware for the purpose of acquiring the outstanding equity of INC Research, Inc. through INC Research Intermediate, LLC, a wholly-owned subsidiary of INC Research Holdings, Inc. The Company's investment in INC Research Intermediate, LLC (Intermediate) is represented by a 100% membership interest.

**Principles of Consolidation**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and include the accounts and results of operations of the Company and its controlled subsidiaries. All intercompany balances and transactions are eliminated. The equity method of accounting is used for investments for which the company does not have control but exercises significant influence. The Company's 50% ownership in Beijing KendleWits Medical Consulting Co., Ltd. (KendleWits) was sold on December 6, 2011. On January 4, 2012, the Company acquired the 50% of GVK Biosciences Private Limited (GVK) shares that it did not own and GVK became a wholly-owned subsidiary of the Company (discussed further in Note 3). There were no significant amounts on the consolidated balance sheets related to investments in unconsolidated companies as of December 31, 2013 and 2012.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses during the period, as well as disclosures of contingent assets and liabilities at the date of the financial statements. The Company evaluates its estimates on an ongoing basis, including those related to revenue recognition, stock-based compensation, valuation of goodwill and identifiable intangibles, tax related contingencies and valuation allowances, allowance for doubtful accounts, litigation contingencies, among others. These estimates are based on the information available to management at the time these estimates, judgments, and assumptions are made. Actual results may differ materially from these estimates.

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

**Reclassifications**

The Company reclassified \$1.3 million and \$2.6 million in payments related to the contingent consideration paid related to the Trident acquisition from cash flows used in investing activities to cash flow used in financing activities.

**Foreign Currency Translation and Transactions**

The Company accounts for its foreign subsidiaries, which operate in currencies other than U.S. dollars, by translating assets and liabilities using rates of exchange as of the end of the reporting period, income and expenses using the average rate of exchange for the period, and stockholders' equity using the historical exchange rates. Translation adjustments resulting from this process are recorded in the accumulated other comprehensive income (loss) component of stockholders' equity.

Gains or losses on foreign currency transactions are included in other income (expense), net. Net realized foreign currency transaction (losses) gains included in other income (expense), net included in the results of operations were \$(1.4) million, \$(1.2) million, and \$2.7 million for the years ended December 31, 2013, 2012, and 2011, respectively.

**Other Comprehensive Loss**

The Company has elected to present comprehensive loss and its components as a separate statement. Other comprehensive loss refers to revenue, expenses, gains, and losses that under U.S. GAAP are recorded as an element of stockholders' equity but are excluded from net loss. The Company's other comprehensive loss consists of foreign currency translation adjustments resulting from the translation of foreign subsidiaries not using the U.S. dollar as their functional currency.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less at the date of purchase and consist principally of bank deposits. Cash and cash equivalents are carried at cost, which approximates fair value.

**Restricted Cash**

Restricted cash represents cash received from customers and term deposits held as security over bank guarantees. The portion of restricted cash received from customers is available for use only for specific project-related expenses, primarily investigator fees, upon authorization from the customer. Restricted cash is classified as a current or long-term asset based on the timing and nature of when and how the cash is expected to be used or when the restrictions are expected to lapse. The Company includes changes in restricted cash balances as part of operating activities in the consolidated statements of cash flows.

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

**Fair Value**

The Company records certain assets and liabilities at fair value (see Note 6). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy that prioritizes the inputs used to measure fair value is described below. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable through correlation with market data; and

Level 3 Unobservable inputs that are supported by little or no market data, which require the reporting entity to develop its own assumptions.

**Derivative Financial Instruments**

The Company uses derivative instruments to manage exposures to interest rates. Derivatives are recorded on the balance sheet at fair value at each balance sheet date utilizing pricing models for non-exchange-traded contracts. The Company does not designate its derivative instruments as accounting hedges as defined by the authoritative guidance for derivatives and hedging. Accordingly, changes in the fair values of the Company's derivative instruments are recognized in current period earnings and the cash flow is included in operating activities. The Company does not enter into derivative instruments for trading or speculative purposes (see Note 5).

**Billed and Unbilled Accounts Receivable and Deferred Revenues**

Accounts receivable are recorded at net realizable value. Unbilled accounts receivable arise when services have been rendered for which revenue has been recognized but the customers have not been billed. In general, prerequisites for billings and payments are established by contractual provisions, including predetermined payment schedules, which may or may not correspond to the timing of the performance of services under the contract.

In some cases, payments received are in excess of revenue recognized. Deferred revenue represents billings or receipts of payments from customers in advance of services being provided and the related revenue being earned or reimbursable expenses being incurred. As the contracted services are subsequently performed and the associated revenue is recognized, the deferred revenue balance is reduced by the amount of the revenue recognized during the period.

Table of Contents**INC Research Holdings, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)****December 31, 2013****1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)****Property and Equipment**

Property and equipment is primarily comprised of furniture, software, office and computer equipment. These assets are depreciated using the straight-line method. The Company uses the estimated useful lives of up to:

Buildings	39 years
Furniture and equipment	7 years
Computer equipment and software	5 years

Leased property and equipment, which includes certain capitalized software and equipment under capital leases and leasehold improvements, are amortized over the remaining life of the lease or the estimated life of the asset, whichever is less. Amortization of assets recorded under capital leases is included within depreciation expense. Repairs and maintenance are charged to operations as incurred and expenditures for additions and improvements that extend the useful life of the asset are capitalized.

The Company capitalizes costs of computer software developed or obtained for internal use and amortizes these costs on a straight-line basis over the estimated useful life of the product, not to exceed three years.

**Goodwill, Intangible Assets, and Long-Lived Assets**

Goodwill represents the excess of purchase price over the fair value of net assets acquired in business combinations. The Company evaluates goodwill for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The Company performed its annual impairment test by estimating the fair value of each reporting unit using a combination of the income approach (a discounted cash flow analysis) and the market approach (a guideline transaction method) for purposes of estimating the total enterprise value for the reporting unit. In 2012, the Company determined the fair value of one of its three reporting units, Phase I Services, did not exceed the carrying value and recognized a \$4.0 million impairment of goodwill (see Note 2). There were no impairment charges in 2013 or in 2011.

Intangible assets consist primarily of trademarks, backlog, customer relationships, and technologies. Finite-lived trademarks, backlog and technologies are being amortized on a straight-line basis. Customer relationships are being amortized at the greater of actual customer attrition or a straight-line basis over the estimated useful lives. Certain trademarks have an indefinite life and are not amortized but instead are evaluated for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Finite-lived intangible assets are tested for impairment upon the occurrence of certain triggering events. No events have been identified that indicate there was an impairment of the recoverability of intangible assets during the years ended December 31, 2013, 2012, and 2011.

Long-lived assets, including fixed assets and definite-lived intangibles, are regularly reviewed to determine if facts and circumstances indicate that the useful life is shorter than the Company originally estimated or that the carrying amount of the assets may not be recoverable. If such facts and circumstances exist, the Company assesses the recoverability of identified assets by comparing



Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets and occur in the period in which the impairment determination was made. No events have been identified that indicate there was an impairment of the recoverability of long-lived assets during the years ended December 31, 2013, 2012 and 2011.

**Revenue Recognition**

The Company recognizes revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service offering has been delivered to the customer; (3) the collection of the fees is reasonably assured; and (4) the arrangement consideration is fixed or determinable. The Company records revenues net of any tax assessments by governmental authorities, such as value added taxes, that are imposed on and concurrent with specific revenue generating transactions. In some cases, contracts provide for consideration that is contingent upon the occurrence of uncertain future events. The Company recognizes contingent revenue when the contingency has been resolved and all other criteria for revenue recognition have been met.

The Company's arrangements are primarily service contracts and historically, a majority of the net service revenue has been earned under contracts which range in duration from a few months to several years. Most of the Company's contracts can be terminated by the customer with 30 days notice. In the event of termination, our contracts often provide for fees for winding down the project, which include both fees incurred and actual expenses and noncancellable expenditures and may include a fee to cover a percentage of the remaining professional fees on the project. The Company does not recognize revenue with respect to start-up activities including contract and scope negotiation, feasibility analysis and conflict of interest review associated with contracts. The costs for these activities are expensed as incurred.

The majority of the Company's contracts are for clinical research services and, to a lesser extent, consulting services. These contracts represent a single unit of accounting. Clinical research service contracts generally take the form of fee-for-service, fixed-fee-per-unit and fixed price contracts, with the majority of the contracts being fixed-fee-per-unit. For fee-for-service contracts, fees are billed based on a contractual rate basis and the Company recognizes revenue on these arrangements as services are performed, primarily on a time and materials basis. For fixed-price contracts (including fixed-fee and fixed-price per unit arrangements), revenue is recognized as services are performed based upon a proportional performance basis, which is assessed using output measures that are specific to the service provided.

Examples of output measures include, among others, study management months, number of sites activated, number of site initiation visits, and number of monitoring visits completed. Revenue is determined by dividing the actual units of work completed by the total units of work required under the contract and multiplying that ratio by the total contract value. The total contract value, or total contractual payments, represents the aggregate contracted price for each of the agreed upon services to be provided.

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

Changes in the scope of work are common, especially under long-term contracts, and generally result in a renegotiation of future contract pricing terms and change in contract value. If the customer does not agree to contract modification, the Company could bear the risk of cost overruns. Renegotiated amounts are not included in net revenues until the contract modification is signed, the amount is earned and realization is assured.

For the arrangements that include multiple elements, arrangement consideration is allocated to units of accounting based on the relative selling price. The best evidence of selling price of a unit of accounting is vendor-specific objective evidence (VSOE), which is the price the Company charges when the deliverable is sold separately. When VSOE is not available to determine selling price, management uses relevant third-party evidence (TPE) of selling price, if available. When neither VSOE nor TPE of selling price exists, management uses its best estimate of selling price considering all relevant information that is available without undue cost and effort. The Company considers the guidance related to the accounting for multiple element arrangements when determining whether more than one contract shall be combined and accounted for as a single arrangement.

**Reimbursable Out-of-Pocket Expenses**

In connection with management of multi-site clinical trials, the Company is reimbursed by its customers for fees paid to principal investigators and for other out-of-pocket costs (such as travel expenses for the Company's clinical monitors). The Company includes these costs in direct costs, and the related reimbursements are reflected in revenues, as the Company is deemed to be the primary obligor in the applicable arrangements. The Company records costs for such activities based upon invoices that have been received from third parties in the periods presented.

**Concentration of Credit Risk**

Financial assets that subject the Company to credit risk primarily consist of cash and cash equivalents and billed and unbilled accounts receivable. The Company's cash and cash equivalents consist principally of cash and are maintained at several financial institutions with reputable credit ratings. The Company believes these instruments bear minimal credit risk. There is no state insurance coverage on bank balances of \$1.1 million at December 31, 2013, held in the Netherlands.

Substantially all of the Company's net service revenue is earned by performing services under contracts with pharmaceutical and biotechnology companies. The concentration of credit risk is equal to the outstanding billed and unbilled accounts receivable, less deferred revenue related thereto. The Company does not require collateral or other securities to support customer receivables. The Company maintains a credit approval process and makes significant judgments in connection with assessing customers' ability to pay throughout the contractual obligation. Despite this assessment, from time to time, customers are unable to meet their payment obligations. The Company continuously monitors customers' credit worthiness and applies judgment in establishing a provision for estimated credit losses based on historical experience and any specific customer collection issues that have been identified.

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

One customer accounted for approximately 15%, 12%, and 12% of net service revenue for the years ended December 31, 2013, 2012, and 2011, respectively. At December 31, 2013 and 2012, no customer accounted for more than 10% of billed and unbilled accounts receivable.

**Stock-Based Compensation**

The Company recognizes stock-based compensation expense for stock option awards provided to employees of the Company. The Company measures stock-based compensation expense at grant date, based on the estimated fair value of the award and recognizes expense related to the service-based awards on a straight-line basis (net of estimated forfeitures) over the vesting period. The compensation expense with respect to performance-based awards is recognized if the Company believes it is probable that the performance condition will be achieved. The Company reassesses the probability of the achievement of the performance condition at each reporting period, and adjusts the compensation expense for subsequent changes in the estimate or actual outcome.

The Company estimates the fair value of each option award on the grant date using the Black-Scholes-Merton option-pricing model. The model requires the use of the following assumptions: an expected dividend yield; expected volatility; risk-free interest rate; and expected term. Stock-based compensation cost is recorded in direct costs and selling, general and administrative expenses in the consolidated statements of operations based on the employees' respective function.

The Company records deferred tax assets for awards that result in deductions on the Company's income tax returns, based on the amount of compensation cost recognized and the statutory tax rate in the jurisdiction in which it will receive a deduction. Differences between the deferred tax assets recognized for financial reporting purposes and the actual tax deduction reported on the income tax return are recorded in additional paid-in capital (if the tax deduction exceeds the deferred tax asset) or in the consolidated statements of operations (if the deferred tax asset exceeds the tax deduction and no additional paid-in capital exists from previous awards).

**Income Taxes**

The Company and its United States (U.S.) subsidiaries file a consolidated U.S. federal income tax return. Other subsidiaries of the Company file tax returns in their local jurisdictions.

The Company estimates its tax liability based on current tax laws in the statutory jurisdictions in which it operates. Accordingly, the impact of changes in income tax laws on deferred tax assets and deferred tax liabilities are recognized in net earnings in the period during which such changes are enacted. The Company records deferred tax assets and liabilities based on temporary differences between the financial statement and tax bases of assets and liabilities and for tax benefit carryforwards using enacted tax rates in effect in the year in which the differences are expected to reverse.

Valuation allowances are provided to reduce the related deferred income tax assets to an amount which will, more likely than not, be realized. In estimating future taxable income, the Company has considered both positive and negative evidence, such as historical and forecasted

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

results of operations, and has considered the implementation of prudent and feasible tax planning strategies.

Judgment is required in determining what constitutes an uncertain tax position, as well as the assessment of the outcome of each tax position. The Company considers many factors when evaluating and estimating tax positions and tax benefits. In addition, the calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations in domestic and foreign jurisdictions. If the calculation of the liability related to uncertain tax positions proves to be more or less than the ultimate assessment, a tax expense or benefit to expense, respectively, would result.

**Advertising Costs**

Advertising costs include costs incurred to promote the Company's business and are expensed as incurred. Advertising costs were \$4.8 million, \$3.3 million, and \$2.4 million for the years ended December 31, 2013, 2012, and 2011, respectively.

**Other Income (Expense), Net**

Other income (expense), net has historically consisted primarily of foreign currency transaction gains and losses and prior to 2012 included income from equity method investments in joint ventures. During 2012, as a result of purchasing the remaining 50% of GVK, the Company recognized a gain of \$2.7 million on the investment, which was recorded in other income (expense), net in the consolidated statements of operations.

**Restructuring and Other Costs**

Restructuring costs, which primarily include severance and facility closure costs, are recorded at estimated fair value. Key assumptions in determining the restructuring costs include the terms and payments that may be negotiated to terminate certain contractual obligations and the timing of employees leaving the Company. The Company accounts for restructuring costs in accordance with the authoritative guidance for compensation nonretirement postemployment benefits. Under this guidance, the Company records these obligations when the obligations are estimable and probable.

The Company accounts for one-time termination benefits, contract termination costs and other related exit costs in accordance with the authoritative guidance for exit or disposal cost obligations. This guidance requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, as opposed to when management commits to an exit plan. Additionally, this guidance requires that (i) liabilities associated with exit and disposal activities be measured at fair value, (ii) one-time termination benefits be expensed at the date the entity notifies the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period, (iii) liabilities related to an operating lease/contract be recorded at fair value and measured when the contract does not have any future economic benefit to the entity (i.e., the entity ceases to utilize the rights conveyed by the contract), and (iv) all other costs related to an exit disposal activity be expensed as incurred. Restructuring liabilities are included in "Accrued liabilities" in the accompanying consolidated balance sheets.

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

**Earnings Per Share**

The Company determines earning per share in accordance with the authoritative guidance for earnings per share. The Company calculates number of shares outstanding using the two-class method. Class B common shares have no rights to receive dividends and Class C shares have the right to receive a preferred dividend of \$0.5 million per year. Both Class B and Class C common shares are excluded from the calculations of earnings per share as they do not participate in the earnings of the Company. The Company computes basic earnings per share attributable to Class A common shares based on the weighted average number of Class A common shares outstanding during the period

Basic earnings per share are computed by dividing net income (loss) by the weighted average number of Class A common shares outstanding for the applicable period. Diluted earnings per share are computed in the same manner as basic earnings per share except that the number of shares is increased to assume exercise of potentially dilutive stock options using the treasury stock method, unless the effect of such increase would be anti-dilutive. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax benefit that would be recognized in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares.

**Segment Information**

The Company discloses information concerning operating segments in accordance with the authoritative guidance for segment reporting, which requires segmentation based on our internal organization and reporting of revenues and operating income based upon internal accounting methods commonly referred to as the "management approach." Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker (CODM), or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's CODM is our Chief Executive Officer. The Company has determined that it currently has three operating and reportable segments.

**Subsequent Events**

The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The Company evaluated all events and transactions through the date that these financial statements were issued.

**Recently Issued Accounting Standards**

In February 2013, the Financial Accounting Standards Board (FASB) issued guidance that requires preparers to report, in one place, information about reclassifications out of accumulated other comprehensive income (AOCI) and if applicable, the effect of the reclassifications on the respective line items in the consolidated statements of comprehensive (loss) income. The guidance

Table of Contents

**INC Research Holdings, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2013**

**1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

is effective for fiscal years and interim periods beginning on or after December 15, 2012. The adoption did not have a material impact on the Company's consolidated financial statements.

In February 2013, the FASB issued guidance to clarify that nonpublic entities are not required to disclose the fair value hierarchy level for financial instruments that are not measured at fair value on the statement of financial position but for which fair value is disclosed. The guidance is effective immediately and the adoption did not have a material impact on the Company's consolidated financial statements.

In March 2013, the FASB issued guidance specifying that a cumulative translation adjustment (CTA) should be recognized into earnings when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For sales of an equity method investment that is a foreign entity, a pro rata portion of CTA attributable to the investment would be recognized in earnings when the investment is sold. When an entity sells either a part or all of its investment in a consolidated foreign entity, CTA would be recognized in earnings only if the sale results in the parent no longer having a controlling financial interest in the foreign entity. In addition, CTA should be recognized in earnings in a business combination achieved in stages. The guidance is effective for fiscal years beginning after December 15, 2014. The Company does not believe the adoption of this guidance will have a material impact on its consolidated financial statements.

In July 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists. The ASU provides guidance regarding the presentation in the statement of financial position of an unrecognized tax benefit when a net operating loss carryforward or a tax credit carryforward exists. The ASU generally provides that an entity's unrecognized tax benefit, or a portion of its unrecognized tax benefit, should be presented in its financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The ASU applies prospectively to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date, and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. The Company does not plan to early adopt this guidance. The Company does not believe the adoption of this guidance will have a material impact on its consolidated financial statements.

**Stock Split**

On August 16, 2012, the Company's Board of Directors approved amendments to the Company's certificate of incorporation that affected a 1 to 1,000 stock split for Class A and Class B common stock as well as an increase in the number of authorized shares to an aggregate of 236,686,440 shares of common stock. On October 30, 2014, the Company's Board of Directors approved amendments to the Company's certificate of incorporation that affected a 8.45 to 1 reverse stock split for Class A and Class B common stock. The par value of the common stock after each stock split remained \$0.01 per common share. Accordingly, all references to share and per share information in the consolidated financial statements and the accompanying notes to the

Table of Contents**INC Research Holdings, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)****December 31, 2013****1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

consolidated financial statements have been adjusted to reflect the stock split for all periods presented.

**2. Financial Statement Details****Accounts Receivable Billed, net**

Accounts receivable, net of allowance for doubtful accounts, consisted of the following at December 31 (in thousands):

	<b>2013</b>		<b>2012</b>
Accounts receivable, billed	\$ 131,012	\$	106,477
Less allowance for doubtful accounts	(1,384)		(1,748)
<b>Accounts receivable, billed, net</b>	<b>\$ 129,628</b>	<b>\$</b>	<b>104,729</b>

The following table summarizes the changes in the allowance for doubtful accounts (in thousands):

	<b>Years Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Balance at the beginning of the period	\$ (1,748)	\$ (2,148)	(2,858)
Current year provision	(77)	(777)	(1,090)
Write-offs, net of recoveries	441	1,177	1,800

Balance at the end of the period