HANOVER INSURANCE GROUP, INC.
Form 424B2
June 14, 2011
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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(2)

Registration No. 333-164446

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED JUNE 14, 2011

Prospectus Supplement

(To Prospectus dated January 21, 2010)

$250,000,000

% Notes due

We will pay interest on the notes on and of each year, commencing on December , 2011. The notes will mature on June , . We may redeem the notes in whole or in part at any time at the redemption price set forth under Description of Notes Optional Redemption. We will redeem the notes at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest if the acquisition of Chaucer Holdings PLC is not consummated. See Description of Notes Special Mandatory Redemption .

The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future indebtedness and other liabilities that are not, by their terms, expressly subordinated in right of payment to the notes.

We do not intend to apply for listing of the notes on any securities exchange. Currently, there is no public market for the notes.

Investing in the notes involves risks. See Risk Factors beginning on page S-11 of this prospectus supplement, and under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010 and any other risk factors described in any Quarterly Report on Form 10-Q or Current Report on Form 8-K filed after the date of our Annual Report, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Per Note	Total
Public offering price (1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to The Hanover Insurance Group, Inc. (1)	%	$

(1) Plus accrued interest, if any, from June , 2011 to the date of delivery.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank, S.A./N.V., on or about June , 2011.

Joint Book-Running Managers

Goldman, Sachs & Co.

Morgan Stanley **Wells Fargo Securities**

Prospectus Supplement dated June , 2011

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Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the accompanying prospectus dated January 21, 2010, which is part of our Registration Statement on Form S-3 as filed with the U.S. Securities and Exchange Commission (the SEC).

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information incorporated by reference in the documents to which we have referred you in Where You Can Find More Information in the accompanying prospectus and Incorporation of Certain Documents by Reference in this prospectus supplement.

We have not, and the underwriters have not, authorized anyone to provide you any information other than that contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus filed by us with the SEC. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference is correct as of any time after the date of the respective document.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on behalf of us or the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See Underwriting .

In this prospectus supplement and the accompanying prospectus, unless otherwise stated or the context otherwise requires, references to THG, we, us and our refer to The Hanover Insurance Group, Inc., a Delaware corporation, and its subsidiaries.

In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to the indenture refer to the indenture dated as of January 21, 2010 between THG and U.S. Bank National Association, as trustee, as supplemented by the first supplemental indenture between THG and the trustee and the second supplemental indenture between THG and the trustee.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have based our forward-looking statements on management s belief and assumptions based on information available to our management at the time these statements are made. These forward-looking statements may relate, without limitations, to such matters as the completion of, and the expected benefits from, our pending acquisition of Chaucer Holdings PLC, future actions, integration of strategic acquisitions, prospects related to our strategic initiatives, anticipated premiums, expenses, interest rates, foreign exchange rates, financial performance or business prospects in future periods, the outcome of contingencies, liquidity, and similar matters. Forward-looking statements are inherently subject to risks and uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. These statements may be identified by the use of forward-looking words or phrases such as anticipate, believe, could, estimate, expect, forecast, intend, likely, may, plan, possible, potentia and would or any variations of words with similar meanings. A variety of factors could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed, anticipated or implied in our forward-looking statements. The factors listed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, as well as in our other filings with the SEC, such as on Forms 8-K, 10-Q and 10-K, are illustrative and other risks and uncertainties may arise as may be detailed from time to time in our public announcements and in our filings with the SEC. Our forward-looking statements speak only as of the dates on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these risks, see Risk Factors beginning on page S-11 of this prospectus supplement, and under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010 and any other risk factors described in any Quarterly Report on Form 10-Q or Current Report on Form 8-K filed after the date of our Annual Report.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is provided solely for your convenience. It is not intended to be complete. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein, especially the risks discussed in the section titled Risk Factors beginning on page S-11 of this prospectus supplement and in our periodic reports filed with the SEC.

The Hanover Insurance Group, Inc.

THG is a holding company organized as a Delaware corporation in 1995. The Hanover Insurance Company (Hanover Insurance) and Citizens Insurance Company of America (Citizens) are our principal property and casualty subsidiaries.

Our primary business operations include insurance products and services in three property and casualty segments: Commercial Lines, Personal Lines and Other Property and Casualty. We underwrite commercial and personal property and casualty insurance through Hanover Insurance, Citizens and other THG subsidiaries, primarily through an independent agent network concentrated in the Northeast, Southeast and Midwest U.S. In 2010, we expanded our geographic network of independent agents into the western parts of the U.S. Additionally, our Other Property and Casualty segment consists of: Opus Investment Management, Inc., which markets investment management services to institutions, pension funds and other organizations; earnings on THG assets; and a voluntary pools business which is in run-off.

Our strategy focuses on strong agency relationships and active agency management, disciplined underwriting, pricing, quality claim handling, and customer service. In Commercial Lines, we are increasingly segmenting our business into industry groups and coverages, which require higher levels of industry underwriting and claims expertise and specialized coverage forms. In Personal Lines, we are focusing on account business, with policy holders who purchase multiple lines of insurance. Overall, we seek to diversify our underwriting risks on a geographic and line of business basis.

Our principal executive offices are located at 440 Lincoln Street, Worcester, Massachusetts, 01653 and our telephone number is (508) 855-1000. We make available free of charge on or through our website, www.hanover.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). Additionally, our Code of Conduct is available, free of charge, on our website. The information contained in our website has not been, and shall not be deemed to be, incorporated by reference into this prospectus supplement and the accompanying prospectus.

Acquisition of Chaucer Holdings PLC

On April 20, 2011, THG announced the terms of a recommended cash offer pursuant to Rule 2.5 of the United Kingdom City Code on Takeovers and Mergers (the Initial Offer Document) to acquire Chaucer Holdings PLC (Chaucer), a U.K. based insurance business (the Acquisition). The Initial Offer Document was amended by the supplementary circular relating to the recommended cash acquisition of Chaucer by 440 Tessera Limited (Tessera), a wholly-owned subsidiary of THG, dated May 20, 2011 (the Supplementary Circular , and, collectively with the Initial Offer Document, the Offer). Under the terms of the Offer and subject to the satisfaction of a number of customary terms and conditions, shareholders of Chaucer would be entitled to receive 53.3 pence for each Chaucer Share (the Acquisition Price) in cash and 2.7 pence in cash for each Chaucer Share as a final dividend (the Final Dividend). The Final Dividend was paid on May 27, 2011.

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Certain shareholders of Chaucer may elect to receive the Acquisition Price in the form of unsecured loan notes with an annual interest rate of 0.25%, paid semi-annually, issued by Tessera, subject to certain restrictions (Acquisition Notes). In the aggregate, the Acquisition Price and the Final Dividend valued Chaucer s fully diluted share capital at approximately 313 million Pounds Sterling (GBP), or approximately US$508 million (assuming a currency exchange rate of 1.623 on June 10, 2011). For more information on the terms of the Acquisition, see Prospectus Supplement Summary Offer and Implementation Agreement .

Having completed a number of strategic initiatives to expand and strengthen our business since 2003, we believe that the Acquisition would represent a natural step to delivering on our strategic vision to build a world-class property and casualty insurance company. We also believe that the Acquisition would be consistent with our existing strategic and financial priorities, which include achieving a more balanced product and geographic mix and providing distinctive insurance products to agents and brokers for our customers.

We believe that Chaucer would be a highly complementary addition to our existing platform, in particular due to its history of achieving underwriting profitability, its attractive business mix, and experienced management and underwriting teams. Chaucer would also provide us with a leading presence at Lloyd s, which would offer us access to international licenses, sophisticated excess and surplus insurance business and an ability to syndicate certain risks.

We believe that the potential benefits of the Acquisition include:

- *Enhanced scale and market position and geographic and earnings diversity*: The combined company would enjoy enhanced scale and a broadened market position. Further, the Acquisition is consistent with our strategy of achieving a balanced split of net premiums earned among commercial, specialty and personal insurance. Chaucer would also add a presence outside the U.S.

- *Enhanced product and underwriting capabilities*: The Acquisition would result in broader product and underwriting capabilities that would expand our specialty insurance capabilities and market share in key product categories. Chaucer underwrites multiple major insurance and reinsurance classes of business, almost all of which are additive to our current product set. We believe that Chaucer has an experienced senior underwriting team, as evidenced by the fact that the members of Chaucer s senior underwriting team have an average of 32 years of industry experience.

- *Improved partner agent strategy*: We believe that the Acquisition would enhance our distribution strategy by enabling us to offer a broader and more specialized set of products to our partner agents and brokers. Specifically, products such as energy, aviation, engineering, marine and specie insurance are expected to become valuable additions to the current product portfolio offered to our key distribution partners.

We expect that, if completed, the Acquisition would be financially attractive with an expected improvement in future earnings and return on equity, and diversification of our risk profile. We currently expect the Acquisition to be neutral to modestly accretive to earnings per share in the year ending December 31, 2011, and that the Acquisition would result in earnings per share accretion of approximately 10% in the year ending December 31, 2012. A corresponding increase in return on equity is expected.

We believe that the Acquisition would result in a strong balance sheet for the combined company and would also facilitate the effective use of our capital and debt capacity.

Offer and Implementation Agreement

Under the terms of the Offer, Tessera will purchase the shares of Chaucer for the Acquisition Price. While we expect a majority of shareholders of Chaucer to elect to receive the Acquisition Price in cash, certain

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shareholders of Chaucer, subject to a 20 million GBP Cap (the Cap) and certain customary terms and conditions, may elect to receive the Acquisition Price in the form of Acquisition Notes in lieu of cash. The Final Dividend relates to the year ended December 31, 2010, and was paid on May 27, 2011. The Offer is structured as a court-sanctioned scheme of arrangement (the Scheme) under part 26 of the United Kingdom Companies Act 2006 (the 2006 Act), including an associated capital reduction (the Capital Reduction).

The Offer is subject to a number of customary terms and conditions, including U.K. and U.S. regulatory and other clearances, authorizations and approvals among them approval of the U.K. courts and regulators in various jurisdictions. Implementation of the Scheme and confirmation of the Capital Reduction will also require the sanction of the High Court of Justice in England and Wales. To date, the Offer has received approval under the Hart-Scott-Rodino Antitrust Improvements Act in the U.S. and from the U.K. Office of Fair Trading.

We also entered into an Implementation Agreement with Chaucer dated April 20, 2011 (the Implementation Agreement) containing obligations regarding the conduct of Chaucer prior to the closing of the Acquisition, the recommendation of the Offer by Chaucer s directors and other matters. Chaucer has given THG the right to match any superior offer and has agreed, under certain circumstances, to a break-up fee payable to THG equal to the greater of (i) 2,975,380 GBP (US$4,829,042), or (ii) the maximum amount permitted under rules of the United Kingdom Takeover Panel. This equates to approximately 1% of the aggregate Acquisition Price. The break-up fee is payable in the event that (a) the Chaucer directors do not unanimously and without qualification recommend the Offer to Chaucer s shareholders, or they subsequently withdraw or adversely amend their recommendation; (b) an alternative proposal or offer from another bidder is made and the Offer subsequently is withdrawn or lapses, and such other offer is completed within 12 months of such withdrawal or lapse; or (c) the Offer is not approved by the Chaucer shareholders and the Offer is subsequently withdrawn, is not implemented or lapses. The Implementation Agreement provides that the Acquisition will be unanimously recommended by the board of directors of Chaucer. The Scheme was approved by the requisite vote of shareholders on June 7, 2011.

The Acquisition is expected to close early in the third quarter of 2011. We will redeem the notes at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest if the Acquisition is not consummated as specified in Description of Notes Special Mandatory Redemption.

The foregoing summary of the Offer and Implementation Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Offer and Implementation Agreement, each of which is included in our Current Report on Form 8-K filed with the SEC on April 21, 2011.

Financing for the Acquisition

We intend to fund the aggregate Acquisition Price of approximately 298 million GBP (US$484 million this currency conversion assumes a currency exchange rate of 1.623 on June 10, 2011) through a combination of the net proceeds from this offering and funds on hand, which include a $99 million ordinary dividend paid to us by Hanover Insurance on April 15, 2011.

In order to meet funds certain requirements of The United Kingdom City Code on Takeovers and Mergers, we are required to have available sufficient resources to pay the cash consideration due on consummation of the Acquisition. In order to meet this requirement, we deposited US$328 million of cash and securities in escrow and entered into an acquisition bridge credit agreement (the Bridge Agreement), on April 20, 2011, for a senior unsecured term loan facility with the lenders named therein (the Lenders), Goldman Sachs Bank USA, as arranger and administrative agent, and Wells Fargo Bank, N.A. and Morgan Stanley Senior Funding, Inc., as co-agents. The Bridge Agreement provides for borrowings by us in an aggregate principal amount not exceeding $180.0 million. The Bridge Agreement is available only for the purposes of funding the proposed Acquisition of Chaucer. The Bridge Agreement will automatically terminate if the net

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proceeds from this offering exceed $180.0 million and the bridge facility will no longer be available to fund the Acquisition. Of the proceeds from this offering, $180.0 million will be deposited in an escrow account until the proposed Acquisition is consummated, to satisfy the funds certain requirements. We also entered into a series of currency exchange forward agreements designed to ensure that the U.S. dollar denominated funds in the escrow account and available under the Bridge Agreement would be sufficient to pay the Acquisition Price in GBP.

The foregoing description of the Bridge Agreement is qualified in its entirety by reference to the complete terms and conditions of the Bridge Agreement, which is filed as Exhibit 10.1 to our Current Report on Form 8-K, dated April 21, 2011.

Recent Developments

THG

On May 23, 2011, THG announced that it estimates its pre-tax losses resulting from catastrophe events in April of 2011 to be in the range of $70 to $85 million, or $1.00 to $1.22 per share after-tax, driven predominantly by storms that occurred between April 22nd and 28th, which affected policyholders in Tennessee, Arkansas and other states.

In addition, and in order to add additional capital flexibility and liquidity, THG expects to enter into a revolving credit agreement (the Proposed Credit Facility) for general corporate purposes. THG has not entered into a definitive agreement with respect to the Proposed Credit Facility, but THG expects such arrangement to provide additional credit of up to a principal amount of approximately $150 million with the ability to request and, if THG is able to obtain lender commitments therefor, borrow, an additional amount of up to approximately $100 million. Such agreement will be subject to certain usual and customary representations, warranties, conditions and covenants, and may include restrictions on future borrowing capacity and other restrictions. There can be no assurances that THG will enter into the Proposed Credit Facility or that the terms will be as contemplated by THG.

Chaucer

The following information regarding Chaucer s recent developments is derived from publicly available sources, such as Chaucer s press releases and Chaucer s Interim Management Statement for the three months ended March 31, 2011.

Chaucer reported gross written premiums of £274.1 million for the first quarter of 2011, representing a 9.6% increase over the £250.1 million gross written premiums in the first quarter of 2010. During the first quarter of 2011, Chaucer formally launched its new International Liability Business and entered into two new coverholder partnerships, one with Coastal Marine Services Limited and the other with Nakhodka Re.

As noted in Chaucer s 2010 annual report, it experienced natural catastrophe losses in the first quarter of 2011 that were exceptional in magnitude and frequency. Since December 31, 2010, Chaucer announced the estimate of losses associated with the following catastrophes:

Catastrophe	Event Date	Loss Estimate (1)
Queensland, Australia Floods	January 2011	£8 million
Christchurch, New Zealand earthquake	February 2011	£19 million
North Eastern Japan earthquake and tsunami	March 2011	£27.5 million to £35.0 million

(1) Net of reinstatement premiums and reinsurance

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In its interim management statement released May 19, 2011, Chaucer reported that its previously announced loss estimates for Queensland floods, New Zealand earthquake and Japan earthquake and tsunami remain unchanged. Chaucer announced that it does not expect any significant insured loss to arise in connection with the Japan earthquake and tsunami and subsequent events with respect to its specialist Nuclear Syndicate 1176. Chaucer also announced further releases of £13.1 million, during the first quarter of 2011, from net loss reserves created in 2010 and prior years that were primarily related to Chaucer s property and marine divisions, in addition to £7 million in releases announced on March 18, 2011 related to reduced claims arising from the Queensland floods and New Zealand earthquake.

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Summary Financial Information

THG

The following table presents summary historical consolidated financial information for THG as of and for the periods presented below from the consolidated financial statements and related notes thereto, which are incorporated by reference herein. Results for the three-month periods ended March 31, 2010 and March 31, 2011 are derived from the unaudited condensed consolidated financial statements which have been prepared on a basis consistent with our audited consolidated financial statements, and in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of our financial position and results of operations for these periods. The operating results for such interim periods are not necessarily indicative of the results that may be expected for the full year. This summary financial information is qualified by reference to, and should be read in conjunction with, our historical consolidated financial statements, including notes thereto, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2010, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, which are incorporated by reference herein.

	Three Months Ended March 31,		Fiscal Year Ended December 31,		
	2011	2010	2010	2009	2008
	(amounts in millions, except per share amounts)				
Statement of Income data:					
Revenues					
Premiums	$ 761.7	$ 666.5	$ 2,841.0	$ 2,546.4	$ 2,484.9
Net investment income	60.4	61.1	247.2	252.1	258.7
Net realized gains (losses)	3.3	10.9	29.7	1.4	(97.8)
Fees and other income	8.4	8.1	34.3	34.2	34.6
Total revenues	833.8	746.6	3,152.2	2,834.1	2,680.4
Losses and Expenses					
Losses and loss adjustment expenses	511.0	431.6	1,856.3	1,639.2	1,626.2
Policy acquisition expenses	180.8	154.4	669.0	581.3	556.2
Loss (gain) from retirement of debt	2.5		2.0	(34.5)	
Other operating expenses	102.0	101.3	413.8	377.2	333.6
Total losses and expenses	796.3	687.3	2,941.1	2,563.2	2,516.0
Income from continuing operations before federal income taxes	37.5	59.3	211.1	270.9	164.4
Federal income tax expense	9.6	17.1	57.9	83.1	79.9
Income from continuing operations	27.9	42.2	153.2	187.8	84.5
Income (loss) from discontinued operations	1.4	(0.4)	1.6	9.4	(63.9)
Net income	$ 29.3	$ 41.8	$ 154.8	$ 197.2	$ 20.6
Earnings per common share (diluted)	$ 0.64	$ 0.87	$ 3.34	$ 3.86	$ 0.40
Dividends declared per common share	0.275	0.25	1.00	0.75	0.45
Balance Sheet data (at fiscal period end):					
Total assets	$ 8,514.9	$ 8,068.5	$ 8,569.9	$ 8,042.7	$ 9,230.2
Total liabilities	6,026.2	5,766.3	6,109.4	5,684.1	7,343.0
Debt	561.0	632.3	605.9	433.9	531.4
Shareholders equity	2,488.7	2,302.2	2,460.5	2,358.6	1,887.2
Other data:					
Ratio of earnings to fixed charges (1)	4.178x	6.491x	5.222x	7.672x	4.528x

(1) For purposes of the ratio of earnings to fixed charges, earnings consist of income from continuing operations before federal income taxes, minority interest, extraordinary items and cumulative effect of accounting changes plus appropriate fixed charges. Fixed charges consist of interest expense on debt and the portion of operating lease rental expense representative of an interest factor.

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Chaucer

The summary historical financial information for Chaucer, included in the left-hand columns of the following table, labeled Summary Historical Financial Information, as of and for the years ended December 31, 2010 and 2009 is derived from the audited consolidated financial statements for such years, which are incorporated by reference in this prospectus supplement and the accompanying prospectus from Exhibit 99.1 to THG s Current Report on Form 8-K dated June 14, 2011. Chaucer s audited consolidated financial statements as of and for the years ended December 31, 2010 and 2009 have been prepared using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). This summary financial information is qualified by reference to, and should be read in conjunction with, Chaucer s historical consolidated financial statements, including notes thereto, as of and for the years ended December 31, 2010 and 2009, prepared using IFRS as issued by IASB, which are incorporated by reference herein. Financial information provided in accordance with IFRS should not be construed as a substitute for financial information determined in accordance with U.S. generally accepted accounting policies (GAAP).

For convenience, Chaucer s summary historical financial information described above for the years ended December 31, 2010 and 2009, which was prepared using IFRS as issued by the IASB, has been replicated in the right-hand columns of the table, labeled Unaudited, Non-GAAP Conversion to US Dollars, and converted into US Dollars. Financial data from Chaucer s consolidated income statement used in this section have been converted from GBP figures using a weighted average conversion rate of 1.5457 for the period starting January 1, 2010, and ending December 31, 2010 and 1.567 for the period starting January 1, 2009, and ending December 31, 2009. Financial data from Chaucer s consolidated balance sheet used in this section have been converted from GBP figures using a December 31, 2010 spot conversion rate of 1.5612 for the 2010 information and a December 31, 2009 spot conversion rate of 1.6173 for the 2009 information.

	Summary Historical Financial Information		Unaudited, Non-GAAP Conversion to US Dollars		
	Fiscal Year Ended December 31,		Fiscal Year Ended December 31,		
			2009 text-indent:-9pt;">	48,436 58,896 39,298 29,488 23,337	
	2010	2009	2010	Amortization	
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)

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	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
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(5):					
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

	As of September 30, 2014		
	Actual	Pro Forma(10)	Pro Forma As Adjusted(11)
		(in thousands)	
Balance Sheet Data:			
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, based on the initial public offering price of $18.50 per share, 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.

(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,

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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 the initial public offering price of $18.50 per share 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."

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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.

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 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.

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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.

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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 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;

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

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.

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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 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.

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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 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

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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

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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 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.

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 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 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, 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

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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

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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.

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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 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 Select 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

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.

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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 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.

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 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 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;

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;

- 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 49,486,958 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
- 51,909,609 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 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, you will incur immediate and substantial dilution in the amount of $25.19 per share. See "Dilution."

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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;

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;

- 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.

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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

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authorized capital stock. In addition, in connection with the merger, we also will retire all shares of our outstanding treasury stock. Following the merger and prior to the closing of this offering, 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."

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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.

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.

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."

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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 "Decription 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 the initial offering price of $18.50 per share 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.

	As of September 30, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted
	(dollars in thousands)		
Cash and cash equivalents	$ 185,803	$ 182,419	$ 105,960(1)
Debt:			
Revolving credit facility(2)	$	$	$
Term loan(2)	291,027	291,027	425,000
Senior notes(3)	300,000	300,000	
Capital leases	677	677	677
Total long-term debt, including current portion	$ 591,704	$ 591,704	$ 425,677
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)(4)	$ 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)(4)	526		

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	As of September 30, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted
	(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)(4)			
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) 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."

(2) 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."

(3) The senior notes consist of $300.0 million in aggregate principal amount of the Notes issued July 12, 2011.

(4) 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. Following the merger and prior to the closing of this offering, 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."

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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 initial public offering price of $18.50 per share, (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:

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 the initial public offering price of $18.50 per share 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
Total	60,014,167	100%	$ 620,887,349	100%	$ 10.35

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%.

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.

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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.

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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."

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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.

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	Year Ended December 31,			Nine Months Ended September 30,	
	2011(1)	2012	2013	2013	2014
	(in thousands, except per share amounts)				
Statement of Operations Data:					
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

Diluted	43,875	52,203	52,009	52,021	52,215
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

	As of December 31,			As of September 30,
	2011(1)	2012	2013	2014
		(in thousands)		
Balance Sheet Data:				
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 the initial public offering price of $18.50 per share 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.

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

	Year Ended December 31, 2013	Nine Months Ended September 30, 2014
	(in thousands, except per share amounts)	
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
Pro forma earnings per share		
Basic	$ (0.09)	$ 0.82
Diluted	(0.09)	0.81
Common shares used in computing income per Class A common share		
Basic	52,009	51,900
Diluted	52,009	52,215
Total pro forma common share adjustment	8,108	8,108
Pro forma weighted average common shares outstanding		
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:

	Year Ended December 31, 2013		
	Interest Expense	Amortization of Debt Issue Costs	Total
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		
	Interest Expense	Amortization of Debt Issue Costs	Total
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)
Total	$ 20,877	$ 2,280	$ 23,157

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."

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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)				
EBITDA and Adjusted EBITDA:					
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
EBITDA	35,460	45,960	88,282	62,163	91,333
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
Adjusted EBITDA	$ 65,450	$ 84,366	$ 105,521	$ 75,681	$ 113,936
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

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
Adjust income tax to normalized rate		(32,454)(f)		(37,397)(f)		1,820(e)		(3,042)		(39,456)
Adjusted Net (Loss) Income	$	(3,711)	$	2,735	$	15,375	$	10,174	$	38,971
Interest expense on net paydown of debt(g)						36,639				23,157
Adjust income tax to normalized rate(e)						(13,556)				(8,568)
Adjusted Net Income, giving effect to the offering					$	38,458			$	53,560
Diluted Adjusted Net Income (Loss) Per Share:										
Diluted Adjusted Net (Loss) Income per share	$	(0.08)	$	0.05	$	0.30	$	0.20	$	0.75
Diluted weighted average common shares outstanding		43,875		52,236		52,033		52,043		52,215
Diluted Adjusted Net Income Per Share, giving effect to the offering:										
Diluted Adjusted Net Income per share, giving effect to the offering					$	0.64			$	0.89
Diluted weighted average common shares outstanding(f)						60,141				60,323

(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 $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.

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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 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. Following the merger and prior to the closing of this offering, 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 $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."

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 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.

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):

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Increase/ (Decrease)	
Net service revenue	$ 478,053	$ 596,003	$ 117,950	24.7%
Reimbursable out-of-pocket expenses	262,997	255,141	(7,856)	(3.0)%
Total revenue	741,050	851,144	110,094	14.9%
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)%
Total operating expenses	720,873	805,953	85,080	11.8%
Income from operations	20,177	45,191	25,014	124.0%
Total other expense, net	(45,794)	(35,450)	(10,344)	(22.6)%
(Loss) income before provision for income taxes	(25,617)	9,741	35,358	138.0%
Income tax (expense) benefit	(2,933)	16,569	19,502	664.9%
Net income (loss)	$ (28,550)	$ 26,310	$ 54,860	192.2%

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 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 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	Increase/ (Decrease)	
Net service revenue	$ 478,053	$ 596,003	$ 117,950	24.7%
Reimbursable out-of-pocket expenses	262,997	255,141	(7,856)	(3.0)%
Total revenue	$ 741,050	$ 851,144	$ 110,094	14.9%

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