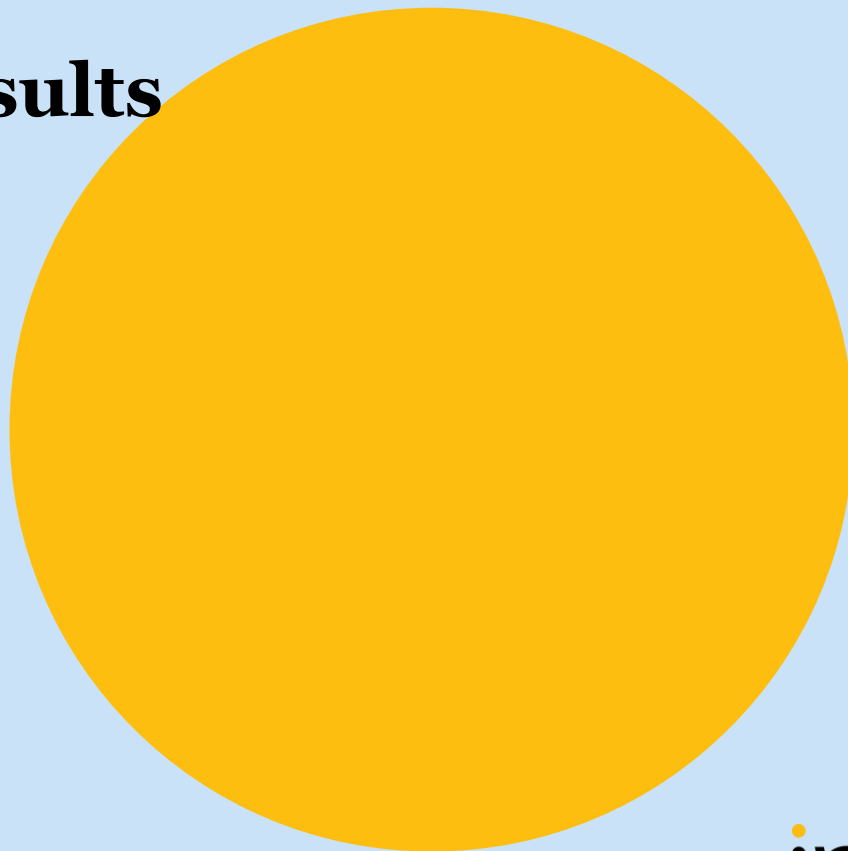


INC Research

Q1 2016 Financial Results

May 2, 2016



Forward Looking Statements & Non-GAAP Financial Measures

Forward-Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation, including our updated 2016 guidance, are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to: our ability to adequately price our contracts and not overrun cost estimates; general and international economic, political and other risks, including currency and stock market fluctuations; fluctuations in our financial results; our ability to maintain or generate new business awards; our backlog not being indicative of future revenues and our ability to realize the anticipated future revenue reflected in our backlog; our customer or therapeutic area concentration; our ability to increase our market share, grow our business and execute our growth strategies; and the other risk factors set forth in our Form 10-K for the year ended December 31, 2015 and other SEC filings, copies of which are available free of charge on our website at investor.incresearch.com. INC Research assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

Non-GAAP Financial Measures

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

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

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

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

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

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

Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company’s results of operations as determined in accordance with GAAP. Also, other companies might calculate these measures differently. Investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures included on slides 18-20 in the appendix of this presentation.

Q1 2016 Highlights

Key Operating Metrics

\$M (except per share data)	First Quarter			Normalized First Quarter ¹		
	2015	2016	% Change	2015	2016	% Change
Net New Business Awards	255.5	302.4	18.3%	255.5	302.4	18.3%
Book-to-Bill	1.2 x	1.2 x		1.2 x	1.2 x	
Book-to-Bill (TTM)	1.1 x	1.3 x		1.1 x	1.3 x	
Net Service Revenue	211.5	249.0	17.7%	211.5	249.0	17.7%
Adjusted Income from Operations	46.4	52.2	12.4%	43.6	52.2	19.6%
Adjusted EBITDA	51.2	57.1	11.5%	48.4	57.1	17.9%
Adjusted Net Income	26.3	32.5	23.4%	24.5	32.5	32.4%
Adjusted Diluted EPS (\$)	0.42	0.58	38.1%	0.39	0.58	48.7%

\$M	2015	2016	% Change
Backlog ²	1,595	1,874	17.5%

1. These financial results have been normalized to remove the impact of certain one-time benefits realized in the first quarter of 2015. For a detailed reconciliation of these normalized results, please refer to slide 16 in the appendix of this presentation.
 2. Backlog was positively impacted by \$7M and \$8M due to foreign currency fluctuations for the three months and twelve months ended March 31, 2016, respectively. For a complete roll forward of backlog for the 4 quarters ended March 31, 2016, please refer to slide 8.
- For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 18-20 in the appendix of this presentation.

Q1 2016 Income Statement

Adjusted Basis

\$M (except per share data)	First Quarter			Normalized First Quarter		
	2015	2016	% Change	2015	2016	% Change
Net Service Revenue	\$ 211.5	\$ 249.0	17.7%	\$ 211.5	\$ 249.0	17.7%
Direct Costs	124.8	150.0	20.1%	126.5	150.0	18.5%
Gross Profit	86.7	99.0	14.2%	85.0	99.0	16.5%
<i>Gross Profit Margin</i>	41.0%	39.8%	-120 bps	40.2%	39.8%	-40 bps
Selling, General & Administrative	35.5	41.9	18.2%	36.6	41.9	14.6%
Depreciation	4.8	4.9	2.6%	4.8	4.9	2.6%
Income from Operations	46.4	52.2	12.4%	43.6	52.2	19.6%
<i>Income from Operations Margin</i>	22.0%	21.0%	-100 bps	20.6%	21.0%	+40 bps
Interest Expense, net	(5.3)	(3.0)	(44.0%)	(5.3)	(3.0)	(44.0%)
Income before Provision for Income Taxes	41.1	49.2	19.7%	38.3	49.2	28.4%
Income Tax Expense	(14.8)	(16.7)	13.0%	(13.8)	(16.7)	21.3%
Net Income	\$ 26.3	\$ 32.5	23.4%	\$ 24.5	\$ 32.5	32.4%
Diluted EPS (\$)	0.42	0.58	38.1%	0.39	0.58	48.7%
EBITDA	\$ 51.2	\$ 57.1	11.5%	\$ 48.4	\$ 57.1	17.9%
<i>EBITDA Margin</i>	24.2%	22.9%	-130 bps	22.9%	22.9%	+0 bps

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

These financial results have also been normalized to remove the impact of certain one-time benefits realized in the first quarter of 2015. For a detailed reconciliation of these normalized results, please refer to slide 16 in the appendix of this presentation.

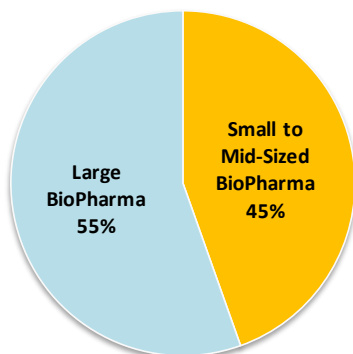
For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 18-20 in the appendix of this presentation.

Diversified Customer Base

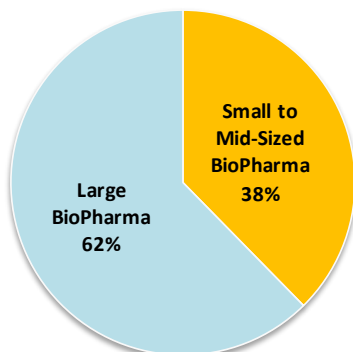
- We have a diversified, loyal customer base that includes many of the top 50 biopharmaceutical companies.
- Our top 5 customers represented approximately 71 compounds in 47 indications across 200 projects in 2015.
- Our top 10 customers have worked with us for an average of approximately 10 years.
- We were awarded clinical trials from 25 new customers in Q1 2016.

Customer Profile

Q1 2016 Revenue

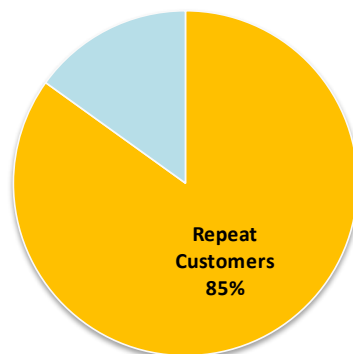


Q1 2015 Revenue

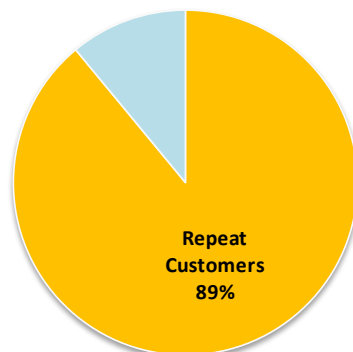


Customer Loyalty

Q1 2016 New Business Awards

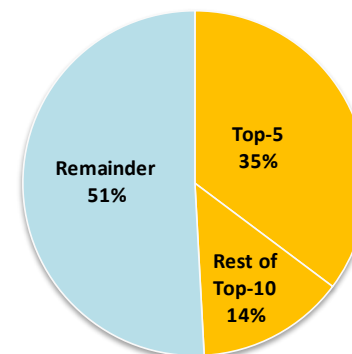


Q1 2015 New Business Awards

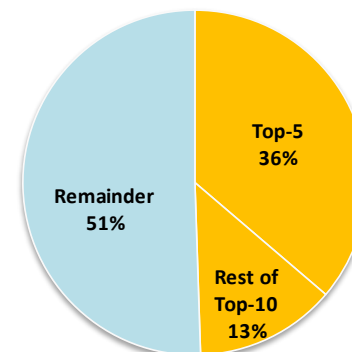


Limited Customer Concentration

Q1 2016 Revenue

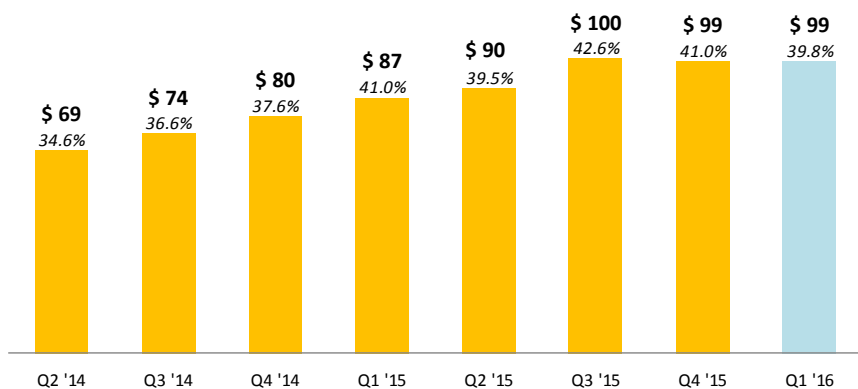
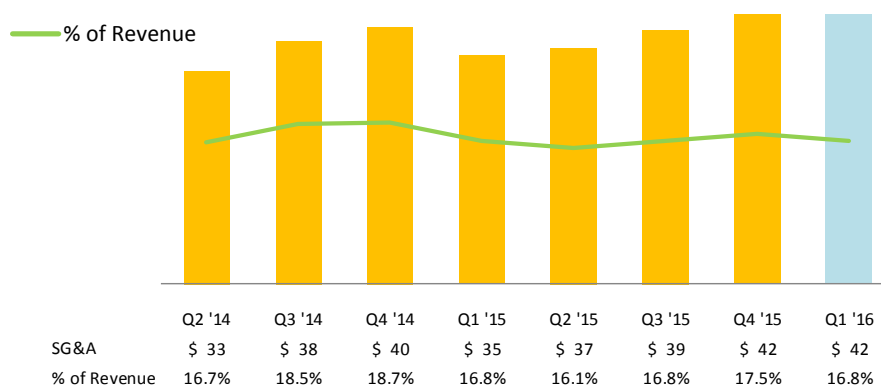
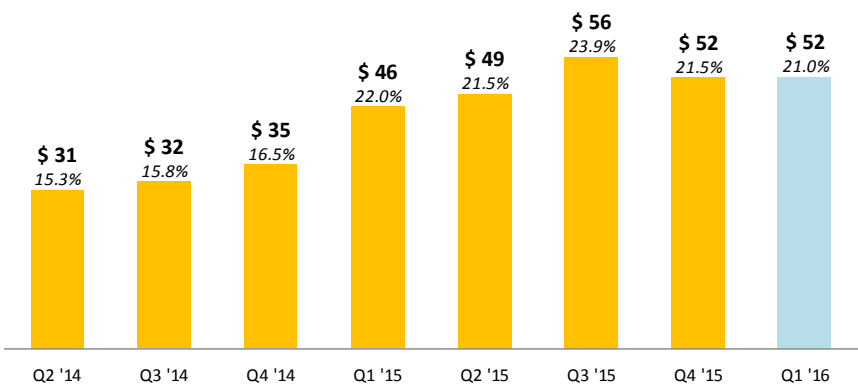
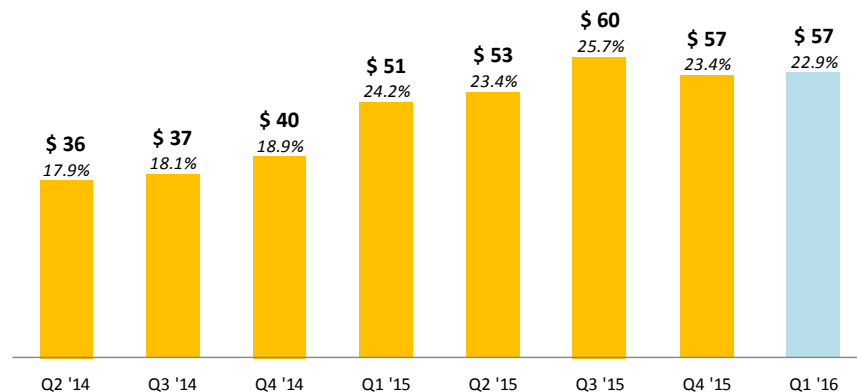


Q1 2015 Revenue



Historical Trends – Margin and SG&A Expenses

Key Metrics

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

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

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

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


1. One-time benefits in Q1 2015 favorably impacted Adjusted Gross Profit by \$1.7M, Adjusted SG&A by \$1.1M, Adjusted Income from Operations by \$2.8M, and Adjusted EBITDA by \$2.8M.

2. One-time benefits in Q3 2015 favorably impacted Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA by \$4.9M.

3. During the second and third quarters of 2014, we experienced higher-than-normal change order activity estimated to be between \$6.0M and \$12.0M. Adjusted Net Service Revenue, Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA have been adjusted by \$9.0M (\$4.5M in each of the second and third quarters) in 2014 to remove the impact of this higher-than-normal change order activity.

For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 18-20 in the appendix of this presentation. For a detailed reconciliation of normalized results for Q1 2015, please refer to slide 16 in the appendix of this presentation.

Cash Flow and Leverage Profile

\$M	First Quarter	
	2015	2016
Cash Flow from Operations	43.6	(0.6)
Less: Capital Expenditures	4.9	4.8
Free Cash Flow ¹	38.8	(5.4)
Adjusted EBITDA	51.2	57.1

\$M	Mar 31,	Dec 31,	Mar 31,
	2015	2015	2016
Cash	156.3	85.0	53.2
Total Debt	424.2	505.0	475.0
Net Debt	267.8	420.0	421.8
<i>Net Leverage</i> ²	1.6 x	1.9 x	1.9 x
Total Net DSO ³	(2.9)	(3.0)	17.8

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

1. We calculate free cash flow as cash flow from operations less capital expenditures.
2. We calculate net leverage as net debt as of the date presented, divided by trailing twelve month adjusted EBITDA of \$163.9M for 3/31/15, \$221.4M for 12/31/15, and \$227.2M for 3/31/16.
3. For DSO trend information, please refer to slides 13 and 14 in the appendix of this presentation.

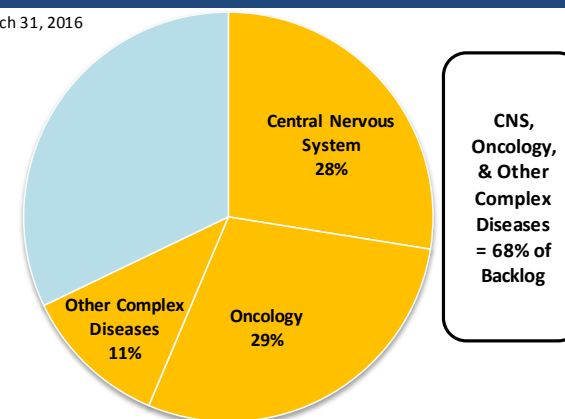
Backlog Should Support Long-Term Growth

Backlog Roll Forward (\$M)

	<u>Q2 '15</u>	<u>Q3 '15</u>	<u>Q4 '15</u>	<u>Q1 '16</u>
Beginning Backlog	\$ 1,595	\$ 1,676	\$ 1,766	\$ 1,813
+ Acquired Backlog	-	-	-	-
+ Net Awards	296	328	297	302
- Revenue, as reported	(227)	(234)	(241)	(249)
+ FX Adjustment	13	(3)	(9)	7
Ending Backlog	\$ 1,676	\$ 1,766	\$ 1,813	\$ 1,874

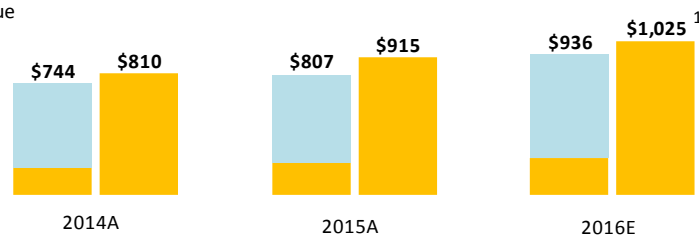
Backlog by Therapeutic Area

As of March 31, 2016



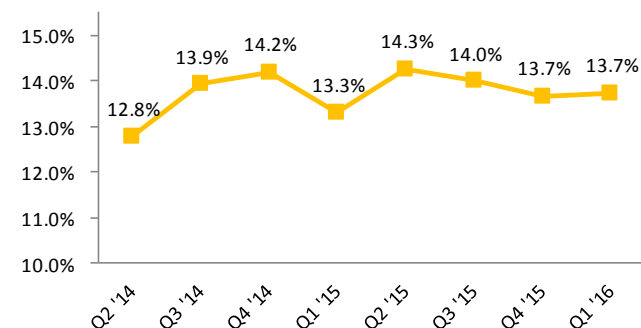
Backlog Coverage (\$M)

■ ROY Backlog ■ Revenue



	3/31/14	3/31/15	3/31/16
Backlog as of			
Coverage Ratio	91.9%	88.2%	91.3%
YoY Revenue Growth	24.1%	13.0%	12.1%

Backlog Burn Rate²



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

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

1. 2016 revenue estimate represents the mid-point of the updated guidance range on page 9 of this presentation.

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

Full Year 2016 Updated Guidance

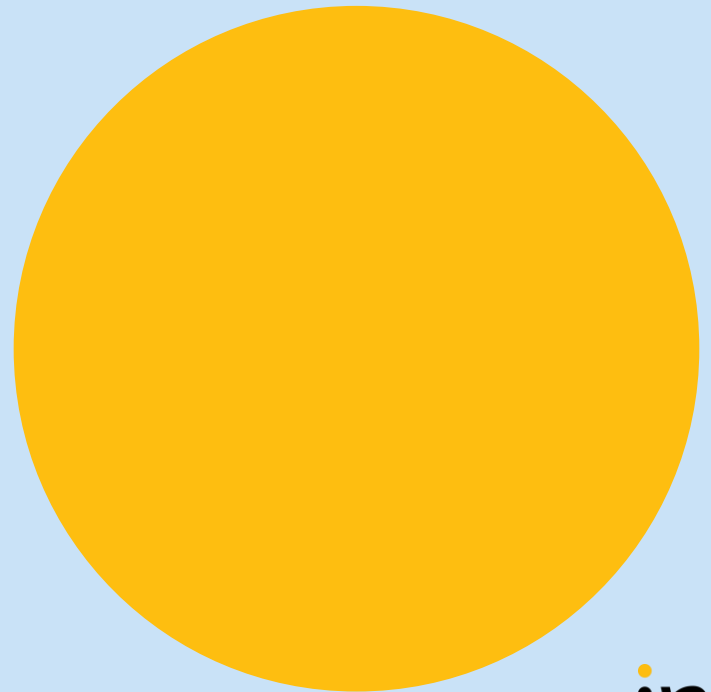
Financial Measurement	Guidance Issued 2/25/2016		Revised Guidance	
	Guidance Range	Growth Rate ²	Guidance Range	Growth Rate ²
Net Service Revenue ¹	\$ 1,005.0 - 1,025.0M	9.9 - 12.1%	\$ 1,020.0 - 1,030.0M	11.5 - 12.6%
Adjusted Net Income	\$ 129.0 - 137.0M	11.9 - 18.9%	\$ 131.0 - 138.0M	13.7 - 19.7%
Adjusted Diluted EPS	\$ 2.30 - 2.45	20.4 - 28.3%	\$ 2.34 - 2.46	22.5 - 28.8%
GAAP Diluted EPS	\$ 1.69 - 1.84	(13.3) - (5.6)%	\$ 1.60 - 1.70	(17.9) - (12.8)%

Note: Financial guidance takes into account a number of factors, including our sales pipeline, existing backlog and our expectations for net awards for the remainder of 2016, current foreign currency exchange rates, current interest rates, and our expected tax rate.

- Guidance for Net Service Revenue includes foreign exchange headwind of approximately \$10.0M (a negative impact of approximately 110 basis points) resulting in a constant currency growth rate of approximately 12.6– 13.7%.
- 2016 growth rates are based on adjusted 2015 financials normalized for one-time benefits, with the exception of GAAP Diluted EPS. For a detailed reconciliation of normalized results, please refer to slide 17 in the appendix of this presentation.

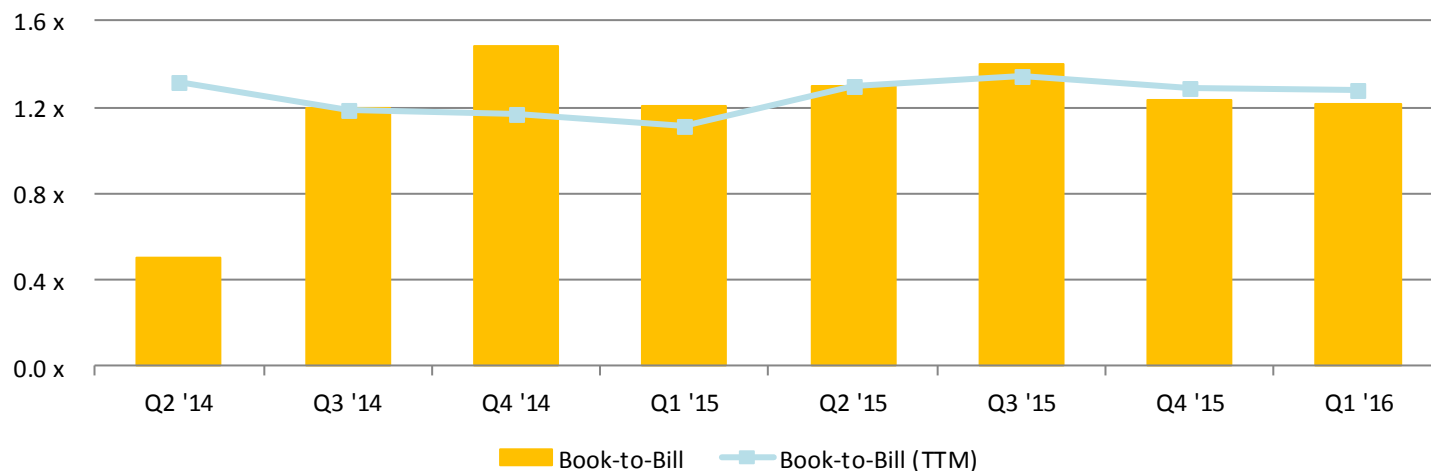
For a reconciliation of GAAP Net income and diluted earnings per share to Non-GAAP Net income and diluted earnings per share, please refer to slide 15 in the appendix of this presentation.

Appendix



Book to Bill Trend

Net Book-to-Bill Ratio



Quarterly	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Net New Business Awards (\$M) ¹	103.4	249.3	316.3	255.5	295.9	327.7	297.4	302.4
Net Service Revenue (\$M)	203.5	207.8	213.7	211.5	227.4	234.5	241.4	249.0
Book-to-Bill Ratio	0.5 x	1.2 x	1.5 x	1.2 x	1.3 x	1.4 x	1.2 x	1.2 x

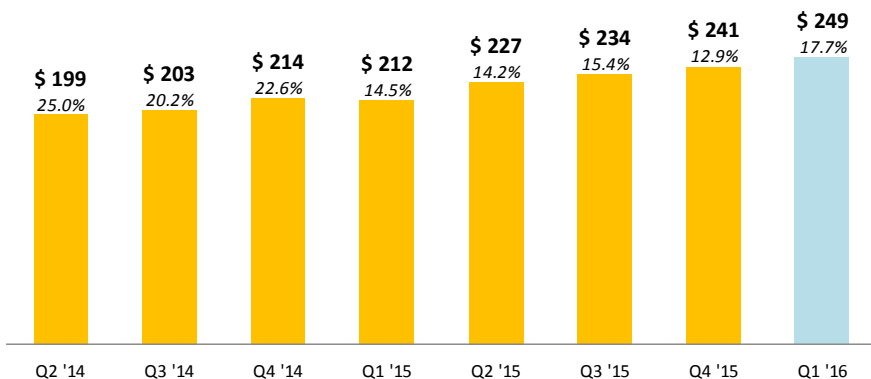
TTM	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Net New Business Awards (TTM) (\$M) ¹	967.3	918.8	949.8	924.4	1,116.9	1,195.4	1,176.5	1,223.4
Net Service Revenue (TTM) (\$M)	731.7	770.4	809.7	836.5	860.4	887.1	914.7	952.2
Book-to-Bill Ratio (TTM)	1.3 x	1.2 x	1.2 x	1.1 x	1.3 x	1.3 x	1.3 x	1.3 x

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

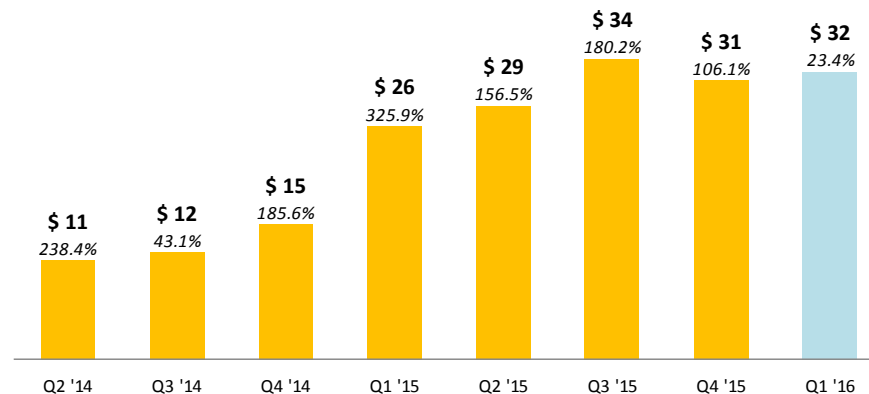
Historical Financial Performance Trends

Key Metrics

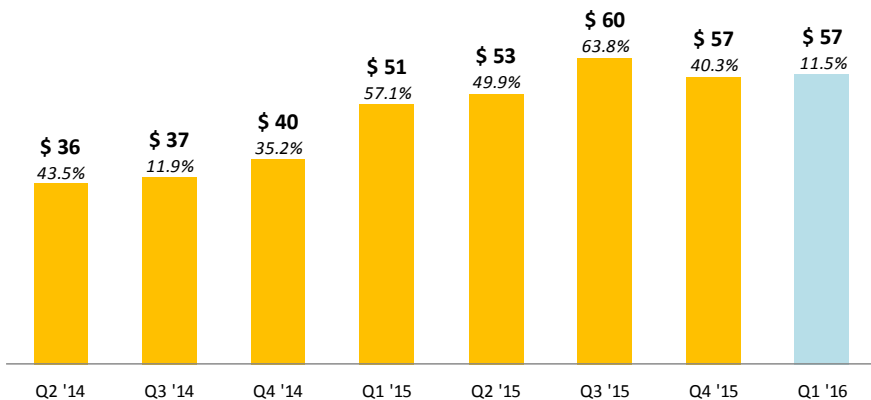
Adjusted Net Service Revenue (\$M) (+ YoY growth) ¹



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



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



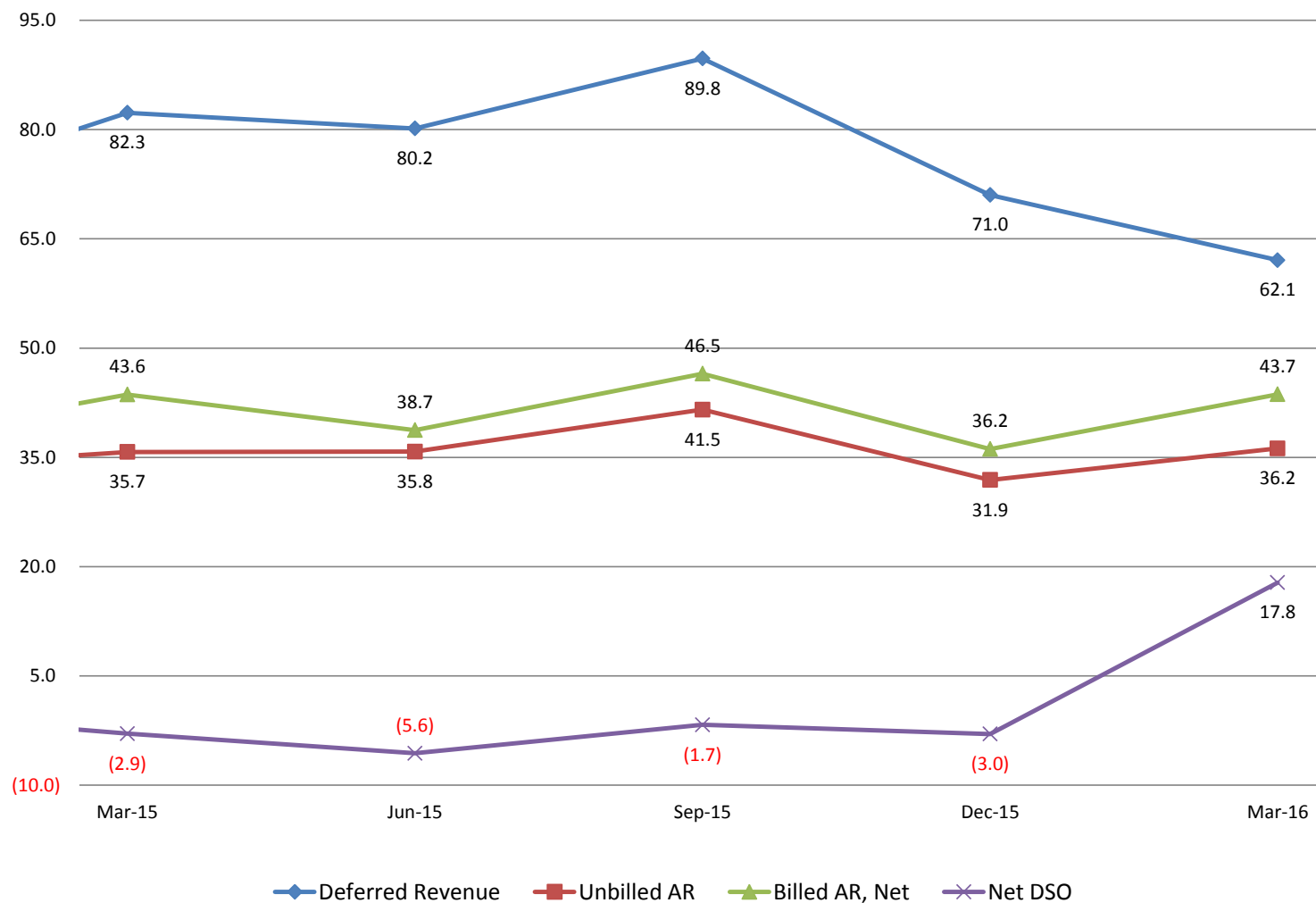
1. During the second and third quarters of 2014, we experienced higher-than-normal change order activity estimated to be between \$6.0M and \$12.0M. Both Adjusted Net Service Revenue and Adjusted EBITDA have been adjusted by \$9.0M (\$4.5M in each of the second and third quarters) in 2014 to remove this impact. Adjusted Net Income, net of tax of 37%, has been adjusted by \$5.7M (\$2.85M in both the second and third quarters of 2014).

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

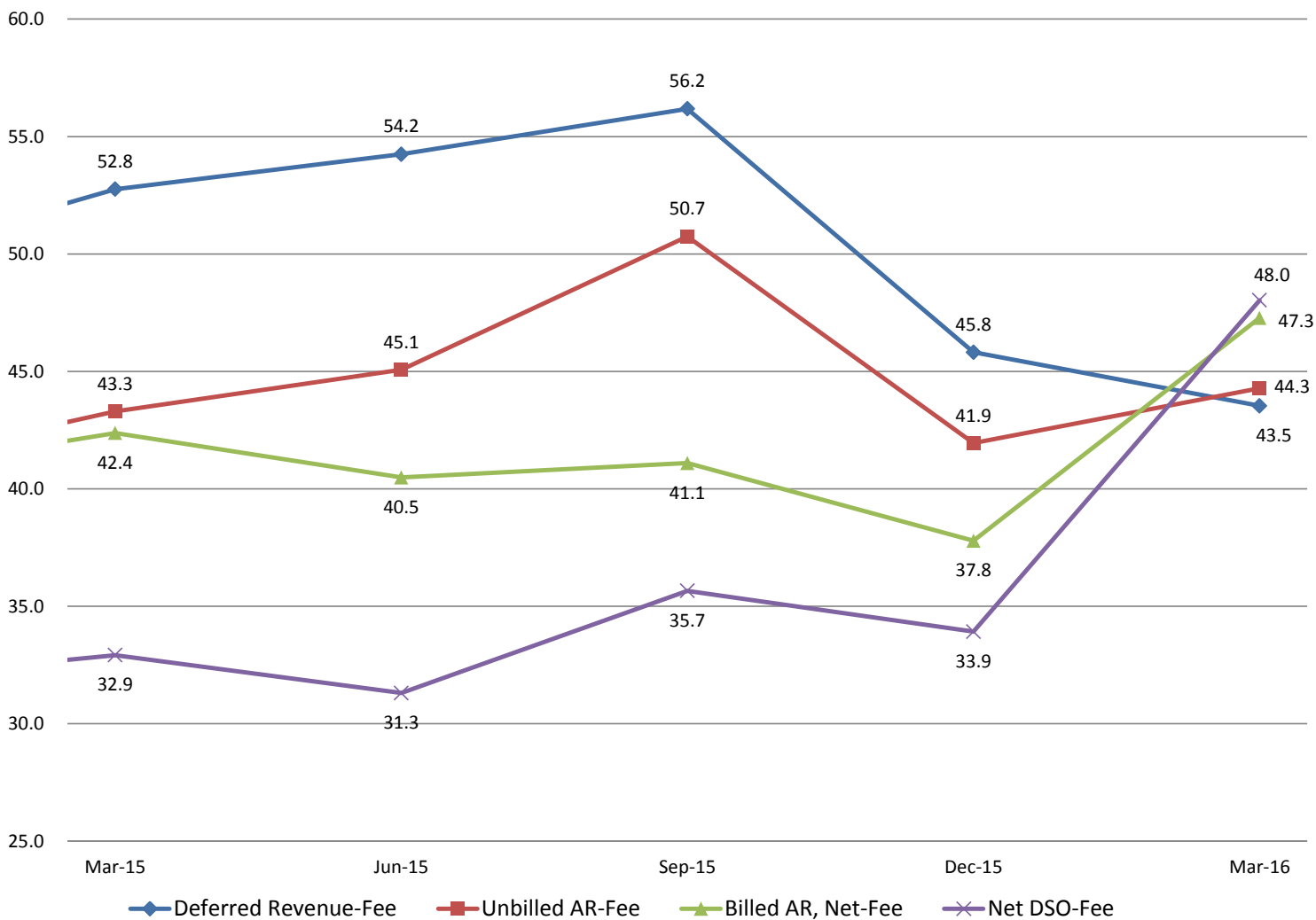
3. One-time benefits in Q3 2015 favorably impacted Adjusted EBITDA by \$4.9M and Adjusted Net Income, net of tax of 36%, by \$3.2M.

For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 18-20 in the appendix of this presentation. For the normalized income statement for Q1 2015, please refer to slide 16 in the appendix of this presentation.

Days Sales Outstanding – Total Revenue



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



Full Year 2016 Updated Guidance

Reconciliation

\$M (except per share data)

	Adjusted Net Income		Adjusted Diluted Earnings Per Share	
	Low	High	Low	High
Net income and diluted earnings per share	\$ 90.0	\$ 95.0	\$ 1.60	\$ 1.70
<i>Adjustments:</i>				
Amortization ¹	37.7	37.7		
Share-based compensation expense ¹	14.0	14.0		
Contingent consideration and other ¹	1.2	1.2		
Restructuring expenses and other ¹	8.0	9.0		
Transaction expenses ¹	0.5	0.5		
Other ¹	5.0	6.5		
Income tax effect of above adjustments ²	(25.4)	(25.9)		
Adjusted net income and adjusted diluted earnings per share	\$ 131.0	\$ 138.0	\$ 2.34	\$ 2.46

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

2. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 34%, which is the midpoint of our range for the expected income tax rate of 33% to 35%. This adjustment also excludes unusual tax impacts during the period.

Q1 2015 Income Statement

Adjusted Basis – Normalized for One-Time Benefits

\$M (except per share data)	First Quarter 2015			
	<u>Non-GAAP</u>	<u>One-Time Benefits</u>	<u>Expenses Reversed in Q3</u>	<u>Normalized</u>
Net Service Revenue	\$ 211.5	\$ -	\$ -	\$ 211.5
Direct Costs	124.8	5.1 a	(3.4) b	126.5
Gross Profit	86.7	(5.1)	3.4	85.0
<i>Gross Profit Margin</i>	<i>41.0%</i>	<i>(2.4%)</i>	<i>1.6%</i>	<i>40.2%</i>
Selling, General & Administrative	35.5	1.1 a	-	36.6
Depreciation	4.8	-	-	4.8
Income from Operations	46.4	(6.2)	3.4	43.6
<i>Income from Operations Margin</i>	<i>22.0%</i>	<i>(2.9%)</i>	<i>1.6%</i>	<i>20.6%</i>
Interest Expense, net	(5.3)	-	-	(5.3)
Income before Provision for Income Taxes	41.1	(6.2)	3.4	38.3
Income Tax Expense	(14.8)	2.2 c	(1.2) c	(13.8)
Net Income	\$ 26.3	\$ (4.0)	\$ 2.2	\$ 24.5
Diluted EPS (\$)	0.42	(0.06)	0.03	0.39
EBITDA	\$ 51.2	\$ (6.2)	\$ 3.4	\$ 48.4
<i>EBITDA Margin</i>	<i>24.2%</i>	<i>(2.9%)</i>	<i>1.6%</i>	<i>22.9%</i>

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

a. During the first quarter of 2015, we settled \$6.2M of liabilities (\$5.1M of direct costs and \$1.1M of SG&A expenses) at less than original estimates.

b. During the third quarter of 2015, we settled \$3.4M of study-related obligations that were recorded as an expense during the first quarter of 2015 (necessitating the subsequent adjustment to 1Q normalization amounts).

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

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 18-20 in the appendix of this presentation.

Full Year 2015 Income Statement

Adjusted Basis – Normalized for One-Time Benefits

\$M (except per share data)	Full Year		
	Non-GAAP	Adjustments	Normalized
Net Service Revenue	\$ 914.7	\$ -	\$ 914.7
Direct Costs	539.6	6.6 a	546.2
Gross Profit	375.2	(6.6)	368.6
<i>Gross Profit Margin</i>	<i>41.0%</i>	<i>(0.7%)</i>	<i>40.3%</i>
Selling, General & Administrative	153.8	1.1 a	154.9
Depreciation	18.1	-	18.1
Income from Operations	203.2	(7.7)	195.5
<i>Income from Operations Margin</i>	<i>22.2%</i>	<i>(0.8%)</i>	<i>21.4%</i>
Interest Expense, net	(15.4)	-	(15.4)
Income before Provision for Income Taxes	187.8	(7.7)	180.1
Income Tax Expense	(67.6)	2.8 b	(64.8)
Net Income	\$ 120.2	\$ (4.9)	\$ 115.2
Diluted EPS (\$)	2.00	(0.08)	1.92
EBITDA	\$ 221.4	\$ (7.7)	\$ 213.7
<i>EBITDA Margin</i>	<i>24.2%</i>	<i>(0.8%)</i>	<i>23.4%</i>

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

a. During the first quarter, we settled \$6.2M of liabilities (\$5.1M of direct costs and \$1.1M of SG&A expenses) at less than original estimates. During the third quarter, we settled \$4.9M of study-related obligations, \$3.4M of which were recorded as an expense during the first half of 2015. The net result is a \$6.6M total adjustment to gross profit and a \$1.1M total adjustment to SG&A for the full year.

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

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 18-20 in the appendix of this presentation.

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended March 2016

Thousands, except per share data	GAAP	Adjustments	Adjusted
Net service revenue	\$ 248,997		\$ 248,997
Reimbursable out-of-pocket expenses	164,090		164,090
Total revenue	413,087	-	413,087
<i>Cost and operating expenses:</i>			
Direct costs	152,058	(1,259) a	150,000
		(799) b	
Reimbursable out-of-pocket expenses	164,090		164,090
Selling, general and administrative	43,479	(1,557) a	41,922
Restructuring and other costs	6,038	(6,038) c	-
Transaction expenses	561	(561) d	-
Asset impairment charges	-	- e	-
Depreciation and amortization of intangibles	14,353	(9,461) f	4,892
Total operating expenses	380,579	(19,675)	360,904
Income from operations	32,508	19,675	52,183
<i>Other income (expense), net:</i>			
Interest expense, net	(2,970)	-	(2,970)
Other income (expense), net	(5,117)	5,117 g	-
Total other income (expense), net	(8,087)	5,117	(2,970)
Income before provision for income taxes	24,421	24,792	49,213
Income tax expense	(7,016)	(9,717) h	(16,733)
Net income	\$ 17,405	15,075	\$ 32,480
Diluted net income per share	\$ 0.31		\$ 0.58
Diluted weighted average common shares outstanding	55,862		55,862
Adjusted EBITDA Reconciliation			
EBITDA	\$ 41,744		\$ 41,744
Other income, net		5,117 g	5,117
Restructuring and other costs		6,038 c	6,038
Share-based compensation		2,816 a	2,816
Contingent consideration and other		799 b	799
Transaction expenses		561 d	561
Asset impairment charges		- e	-
Adjusted EBITDA	\$ 41,744	\$ 15,331	\$ 57,075

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended March 2015

Thousands, except per share data	GAAP	Adjustments	Adjusted
Net service revenue	\$ 211,514		\$ 211,514
Reimbursable out-of-pocket expenses	97,403		97,403
Total revenue	308,917	-	308,917
<i>Cost and operating expenses:</i>			
Direct costs	125,448	(383) a	124,844
		(221) b	
Reimbursable out-of-pocket expenses	97,403		97,403
Selling, general and administrative	35,800	(324) a	35,476
Restructuring and other costs	(418)	418 c	-
Transaction expenses	122	(122) d	-
Asset impairment charges	3,931	(3,931) e	-
Depreciation and amortization of intangibles	14,244	(9,478) f	4,766
Total operating expenses	276,530	(14,041)	262,489
Income from operations	32,387	14,041	46,428
<i>Other income (expense), net:</i>			
Interest expense, net	(5,305)		(5,305)
Other income, net	3,466	(3,466) g	-
Total other expense, net	(1,839)	(3,466)	(5,305)
Income before provision for income taxes	30,548	10,575	41,123
Income tax expense	(5,292)	(9,513) h	(14,805)
Net income	\$ 25,256	1,062	\$ 26,318
Diluted net income per share	\$ 0.40		\$ 0.42
Diluted weighted average common shares outstanding	63,103		63,103
Adjusted EBITDA Reconciliation			
EBITDA	\$ 50,097		\$ 50,097
Other income, net		(3,466) g	(3,466)
Restructuring and other costs		(418) c	(418)
Share-based compensation and contingent consideration expense		928 a, b	928
Transaction expenses		122 d	122
Asset impairment charges		3,931 e	3,931
Adjusted EBITDA	\$ 50,097	\$ 1,097	\$ 51,194

Reconciliation of Adjusted Net Income & EBITDA

Footnotes for Q1 2016 and Q1 2015

- a. Represents share-based compensation expense related to awards granted under equity incentive plans.
- b. Represents contingent consideration expense incurred as a result of acquisitions and accounted for as compensation expense under GAAP and other expenses.
- c. Restructuring and other costs consist of: (i) severance costs associated with a reduction of workforce in line with the Company's expectations of future business operations, (ii) legal and consulting costs incurred for the continued consolidation of legal entities and restructuring of the Company's contract financial process to meet the requirements of upcoming accounting regulation changes, and (iii) lease obligation and termination costs in connection with abandonment and closure of redundant facilities.
- d. Represents fees associated with debt placement and refinancing and other corporate transactions.
- e. Represents impairment of goodwill and long-lived assets associated with the Company's Phase I Services reporting unit.
- f. Represents the amortization of intangible assets primarily for customer relationships and backlog.
- g. Represents other (income) expense comprised primarily of foreign exchange gains and losses.
- h. Adjustment for the income tax effect of the non-GAAP adjustments made to arrive at adjusted net income using the estimated effective tax rate of 34% in 2016 and 36% in 2015. In 2015, the Company's effective tax rate has been adjusted in order to reflect the removal of the tax impact of its valuation allowances recorded against its deferred tax assets and changes in the assertion to indefinitely reinvest the undistributed earnings of foreign subsidiaries. Historically, the Company has recorded a valuation allowance against some of its deferred tax assets, but believes that these valuation allowances cause significant fluctuations in its financial results that are not indicative of the Company's underlying financial performance. Specifically, the majority of the Company's revenue was generated in jurisdictions in which it recognized no tax expense or benefit due to changes in this valuation allowance.