



Transforming Healthcare from the Inside

**2014 Wells Fargo
Healthcare Conference**

June 17-18, 2014



Forward-looking statements and Non-GAAP financial measures

Forward-looking statements—Certain statements made in this presentation, including those related to Premier’s financial and business outlook, growth strategies and targets, cross-sell opportunities and financial guidance and related assumptions, are “forward-looking statements.” Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results of Premier to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements. Readers are urged to consider statements in the conditional or future tenses or that include terms such as “believes,” “belief,” “expects,” “estimates,” “intends,” “anticipates” or “plans” to be uncertain and forward-looking. Forward-looking statements may include comments regarding Premier’s beliefs and expectations as to future events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside Premier’s control. More information on potential risks and other factors that could affect Premier’s financial results is included, and updated, from time to time, in Premier’s periodic and current filings with the SEC, as well as those discussed in Premier’s IPO Prospectus filed with the SEC and available on Premier’s website. Forward-looking statements speak only as of the date they are made. Premier undertakes no obligation to publicly update or revise any forward-looking statements.

Non-GAAP financial measures—This presentation includes certain “non-GAAP financial measures” as defined in Regulation G under the Securities Exchange Act of 1934. Schedules are attached that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States. Premier’s earnings release for the quarter ended March 31, 2014, dated May 12, 2014, as well as its Form 10-Q for the quarter ended March 31, 2014, filed with the SEC on May 13, 2014, provide further explanation and disclosure regarding Premier’s use of non-GAAP financial measures and should be read in conjunction with this presentation.



Mission, vision, values and objectives



MISSION ▶ To improve the health of communities

VISION ▶ Through the collaborative power of the Premier alliance, we will lead the transformation to high-quality, cost-effective healthcare

VALUES ▶ Integrity, innovation, passion for performance, focus on people

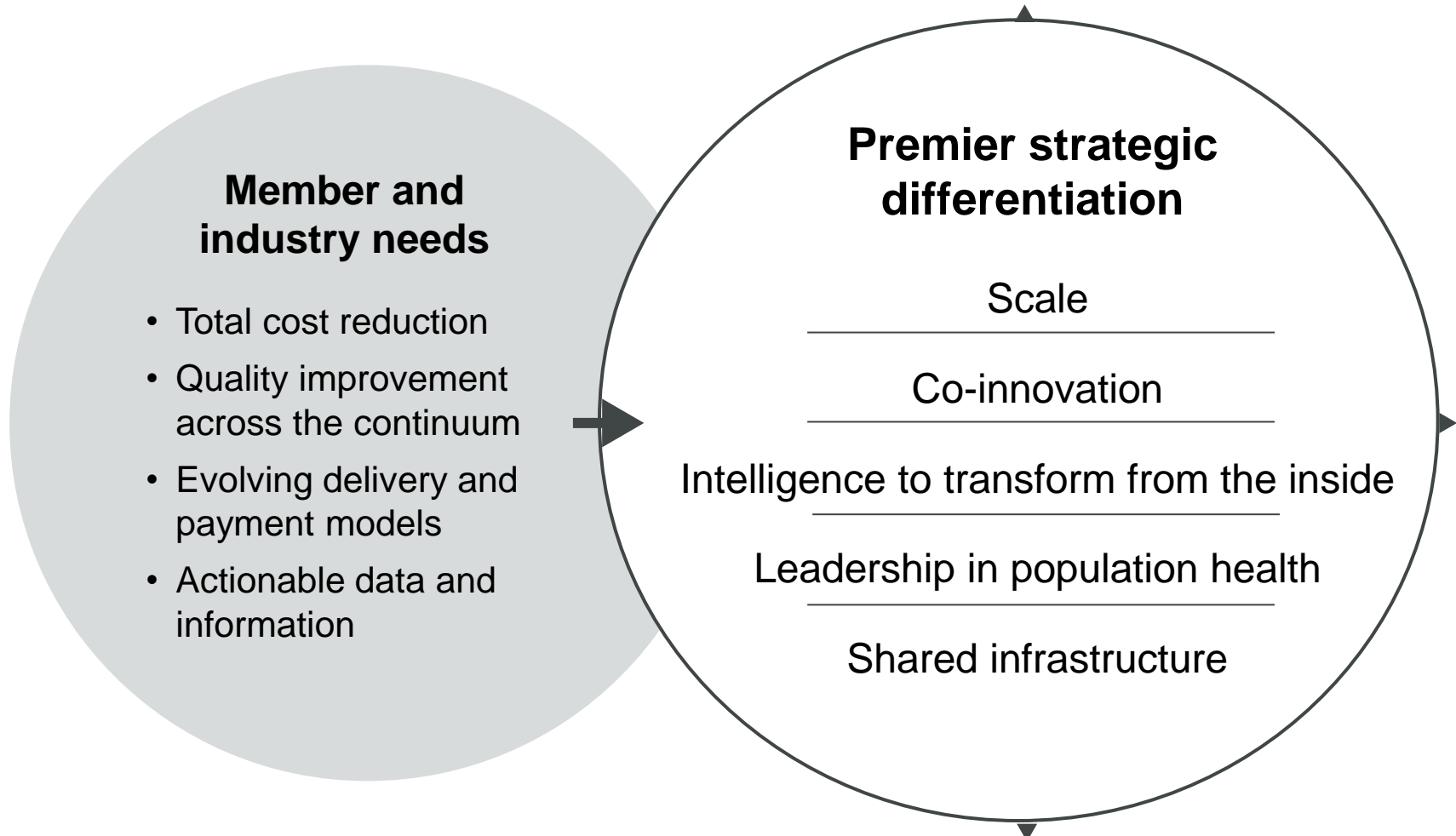
MAKE HEALTHCARE SUPPLY CHAIN EFFICIENT AND EFFECTIVE

**DELIVER CONTINUOUS IMPROVEMENT IN COST AND QUALITY TODAY AND
ENABLE SUCCESS IN NEW HEALTHCARE DELIVERY / PAYMENT MODELS**

**INTEGRATE DATA AND KNOWLEDGE TO CREATE MEANINGFUL BUSINESS INTELLIGENCE
THAT DRIVES IMPROVEMENT**



Uniquely positioned to address industry needs



Helping health systems manage challenges, optimize the transition, and build for the future....
...all at the same time



Key differentiators



- ▶ **Unique customer alignment**
- ▶ **Data-driven, technology enabled**
- ▶ **Diversified growth engine**
- ▶ **Compelling financial profile**

Unique partnership model drives innovation and growth

SCALE

- Represent 59% of U.S. community hospitals
- Approximately \$41 billion in supply chain spend
- Manage ~1,900 contracts from ~1,100 suppliers
- Integrated clinical, financial and operational data
- Data repository which encompasses 1 in 3 U.S. hospital discharges

ALIGNMENT

- Members own ~78% of equity
- 10 health system board members
- Embedded field force

COMMITMENT

- Member average tenure ~14 years with over 70% at more than 10 years
- 86% surveyed over the last three years view Premier as strategic partner or organizational extension

CO-INNOVATION

- Co-develop solutions with members
- Committees composed of ~180 member hospitals
- ~920 hospitals in collaboratives
- Data Alliance Collaborative



Integrated Solutions to complex challenges

Supply Chain Services

Performance Services

Solutions

- Group purchasing
- Specialty pharmacy
- Direct sourcing
- Capital planning

- SaaS analytic products in cost, quality, safety and population health
- Enterprise data analytics platform—clinical and operational
- Collaboratives
- Advisory services

Attributes

- Leading healthcare supply chain company
 - ~2,100 acute care hospitals use product or service
 - Significant alternate site growth
 - Vertical integration
 - Uniquely advantaged by data access and collaboratives

- Leading healthcare informatics company
 - ~1,900 hospitals use product or service
 - 44% of purchases by non-GPO customers

Single Platform

Unified sales/field



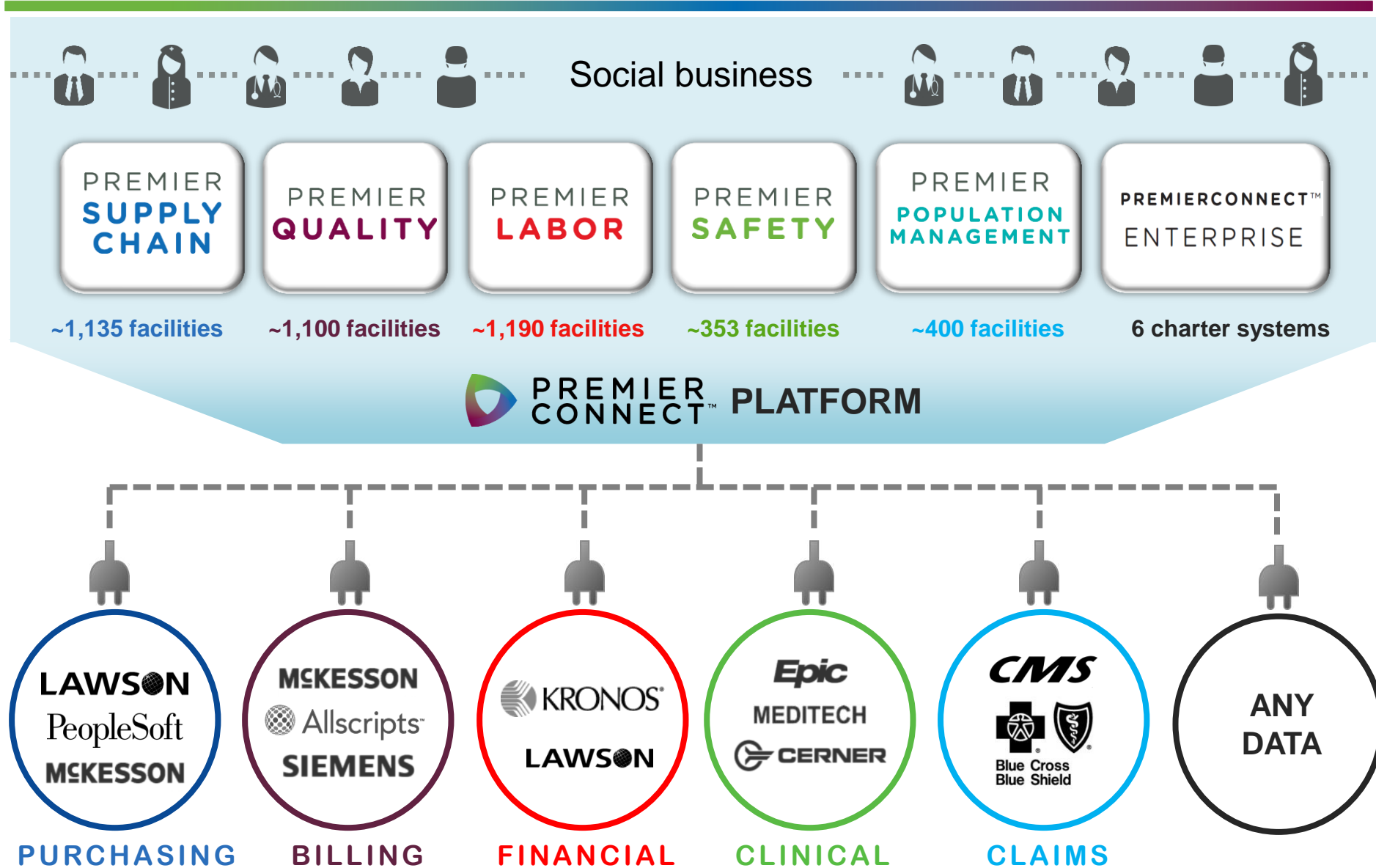
**PREMIER
CONNECT™**





DATA-driven,
TECHNOLOGY-enabled

▶ Enabling the information driven enterprise



Measurable and scalable impact through collaboratives



~350 U.S. hospital members

~136,000 deaths avoided

~\$11.6 billion saved

~41,000 readmissions prevented

~18,000 instances of harm prevented

Approximately 920 U.S. hospital members participate in at least one of our performance improvement collaboratives

Source: Premier QUEST participant performance data as of 2/13/2014

Note: Deaths avoided and dollars saved over the first 5.5 years of the program; instances of harm measured over the past 3.5 years; readmissions prevented measured over the past 2.5 years



Integrated framework for delivering solutions

Services

COST MANAGEMENT

- Group purchasing
- Non-labor
- Labor
- Total cost
- Clinical variation
- Resource utilization
- Integrated pharmacy

QUALITY/SAFETY IMPROVEMENT

- Quality and safety
- Physician improvement
- Regulatory compliance
- Harm and readmissions

POPULATION HEALTH

- Physician network management
- Analytics and risk management
- Population management
- Care coordination
- Patient centered medical home

Collaboratives



ASCEND®



QUEST®



PARTNERSHIP
FOR PATIENTS



PACT™

Information Technology (SaaS Solutions)

SPENDADVISOR®

OPERATIONSADVISOR®

QUALITYADVISOR™

SAFETYADVISOR®

QUALITYADVISOR™

PHYSICIANFOCUS™

POPULATIONFOCUS™

POWERED BY VERISK HEALTH

CAREFOCUS™

POWERED BY PHYTEL



PREMIER
CONNECT™ PLATFORM





DIVERSIFIED
growth engine

Multiple levers drive long-term sustainable growth targets

Supply Chain Services

Steady GPO growth

Alternate site expansion

Expanding supply chain solutions

Top Priority Strategic Initiatives

- ✓ Supply expense improvement
- ✓ Non-acute expansion
- ✓ Supply chain analytics and e-Marketplace

Performance Services

Member penetration performance services

New product development

Top Priority Strategic Initiatives

- ✓ Cost/quality improvement technology and services
- ✓ Enterprise data warehousing
- ✓ Population health expansion

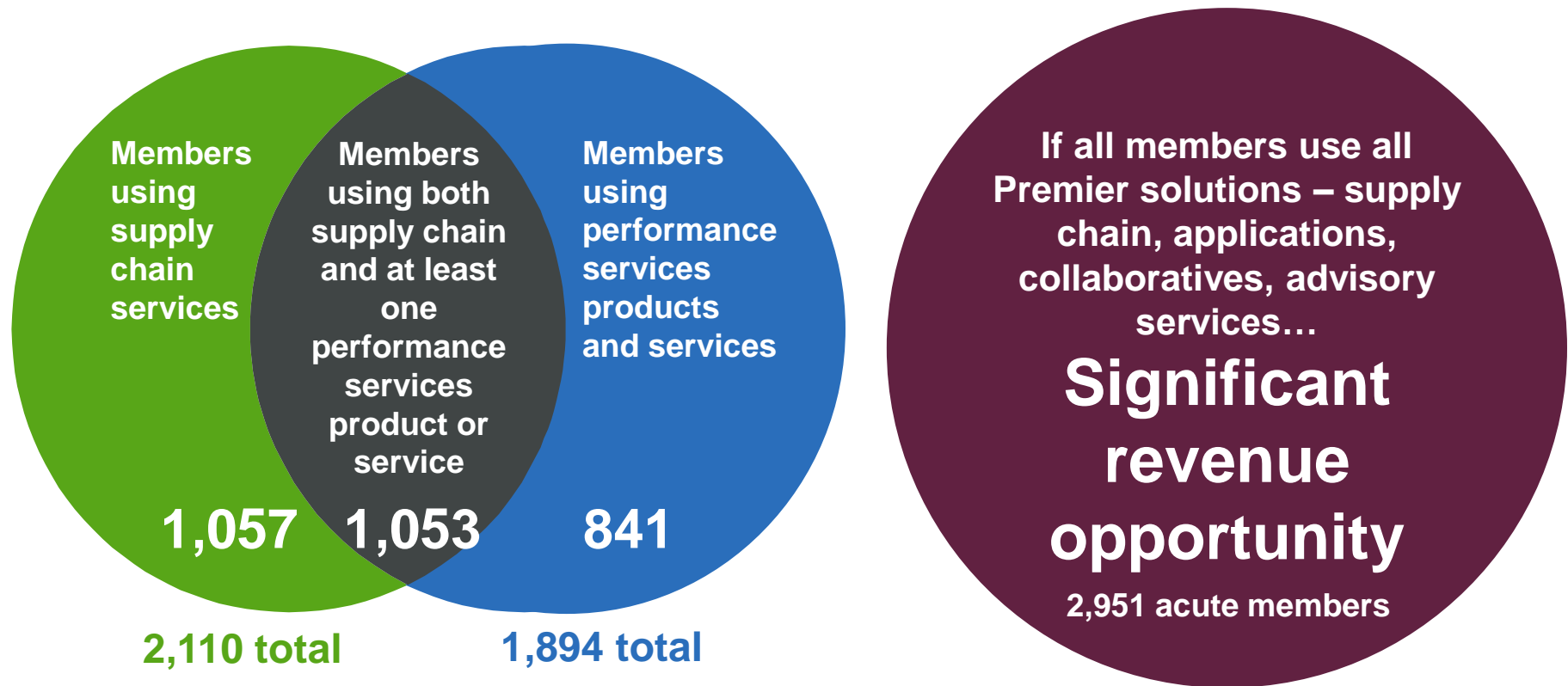
“Other” Upside

Pursue selected M&A and partnership opportunities

- ✓ Strong distribution channel
- ✓ Desired partner/capability



Significant cross-sell opportunities



Note: Numbers are as of March 31, 2014.



Member-driven co-development engine

Organic

QUALITY ADVISOR™

OPERATIONS ADVISOR®

 PREMIER
CONNECT™

 PACT™

 QUEST®

 ASCEND*

Acquisitions

CareScience
(2007)

 COMMCARE
SPECIALTY PHARMACY
(2010)

 S2S GLOBAL
(2011)

 SYMMEDRx™
HEALTHCARE SOLUTIONS
(2013)

 Meddius
INTEGRATION DELIVERED
(2013)

MEMdata
Equipping Hospitals
(2014)

Partnerships

POPULATION FOCUS™
POWERED BY VERISK HEALTH

CARE FOCUS™
POWERED BY PHYTEL

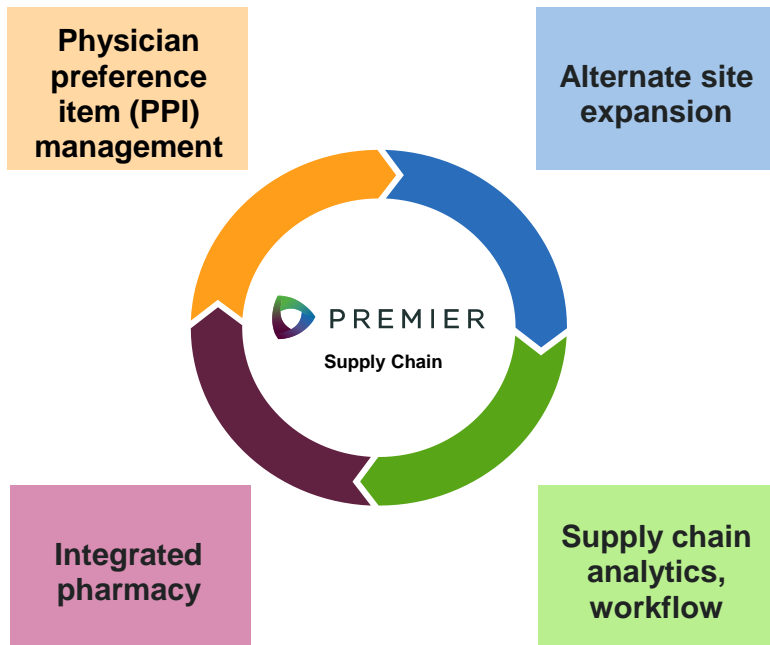
IBM

Premier platform enables rapid deployment of new solutions

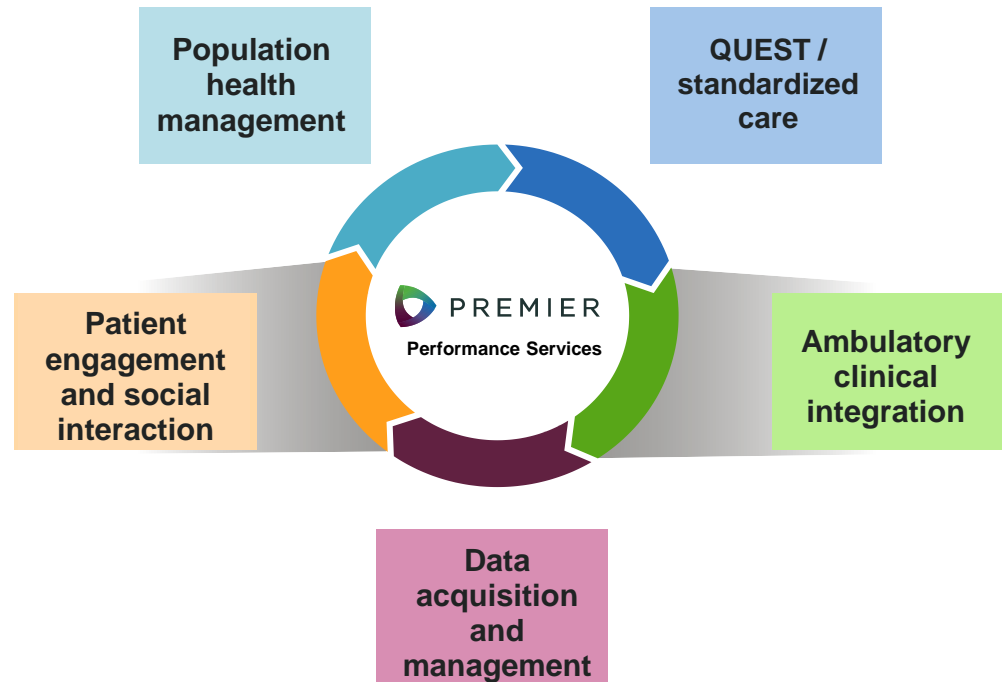


Attractive opportunities for capital deployment

Supply Chain Services



Performance Services

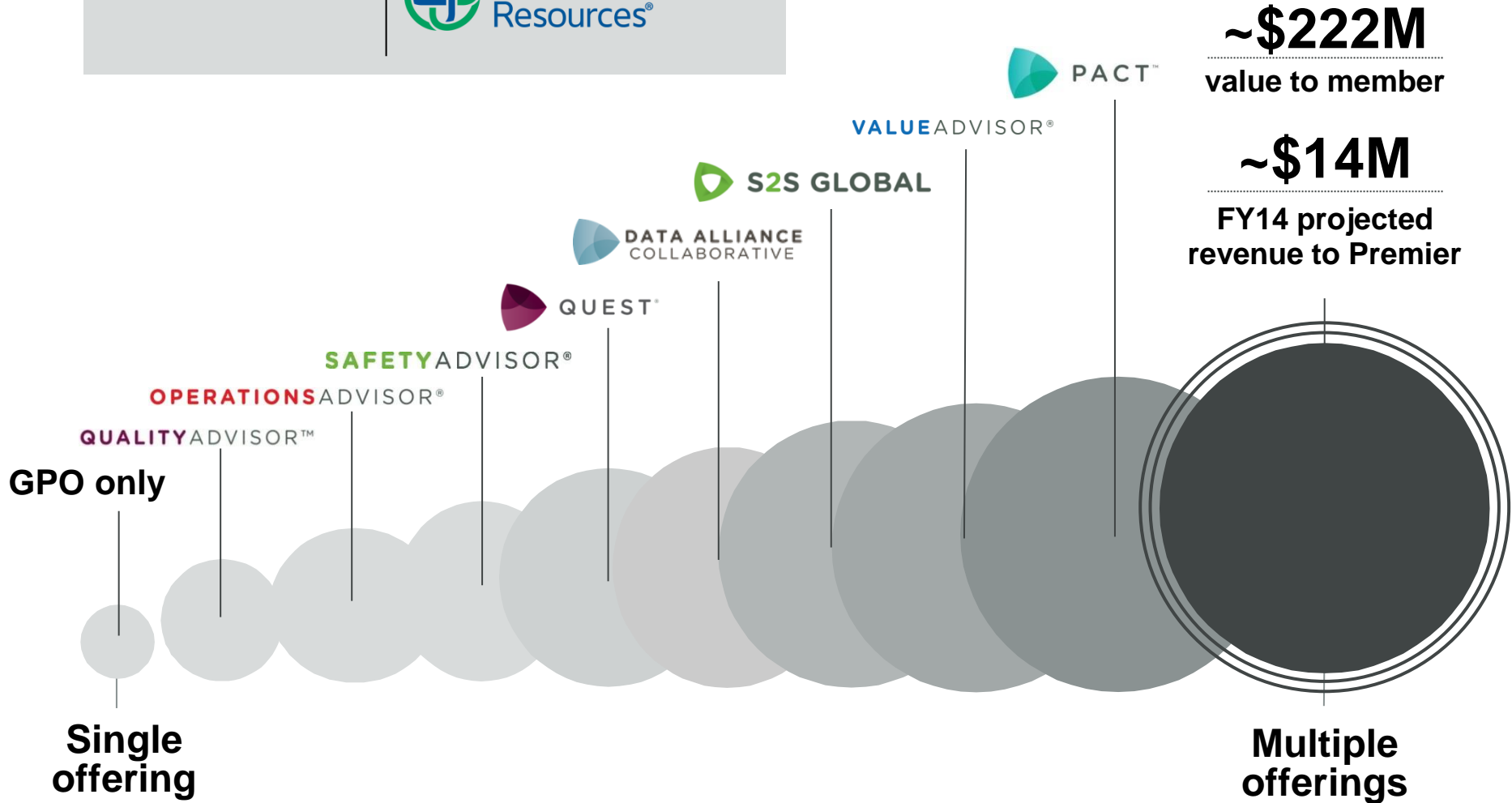


Diverse and growing end markets to accelerate Premier's growth



Growing from within our committed member channel

CASE STUDY





COMPELLING

financial profile

Premier financial performance highlights

Attractive growth

- ▶ Consolidated double-digit net revenue and adjusted EBITDA¹ growth
- ▶ Diversified growth levers in Supply Chain Services and Performance Services
- ▶ Multiple emerging growth drivers

High visibility

- ▶ High retention rates in Supply Chain Services and Performance Services
- ▶ 5-7 year contracts in Supply Chain Services and 3-year SaaS subscription contracts in Performance Services

Attractive economic model

- ▶ Significant cross and upsell opportunities in existing member base
- ▶ High margins and low marginal cost to support new GPO members and further penetration of existing GPO members
- ▶ SaaS products generate high returns on new wins

Evolving business mix

- ▶ Investments in growth initiatives will impact adjusted EBITDA¹ margins, but enhance adjusted EBITDA¹ growth
- ▶ Capital investments increase D&A, impacting near-term net income margins

Disciplined capital deployment track record

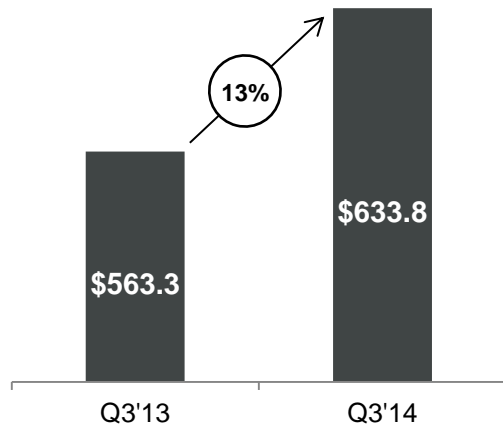
- ▶ Strong returns on acquired assets
- ▶ Strategic, financial and execution framework in place for capital deployment



Year-to-date nine-month financial highlights¹

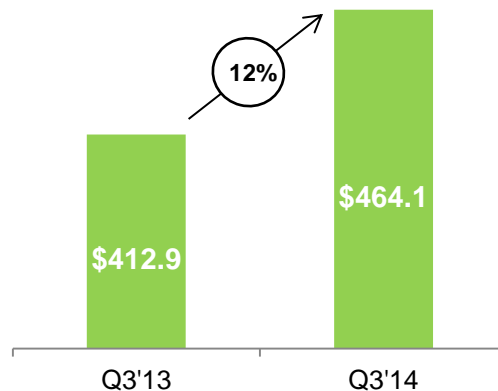
Consolidated

Net revenue (millions)



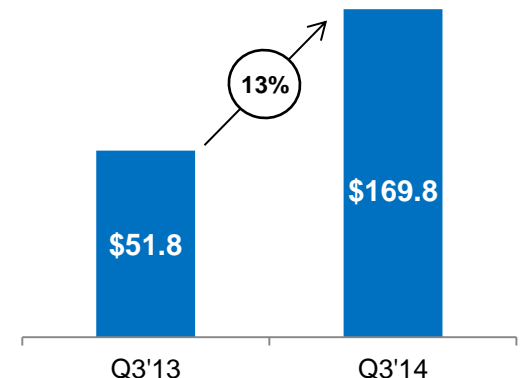
Supply Chain Services

Net revenue (millions)

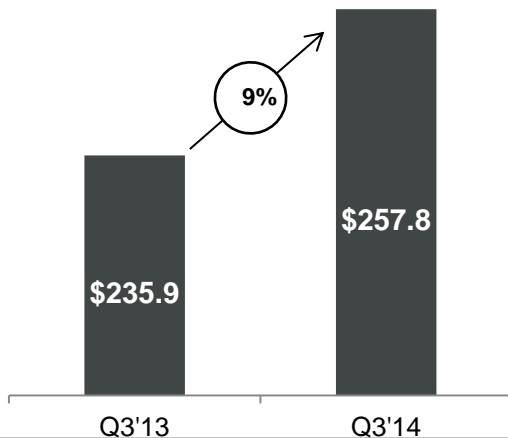


Performance Services

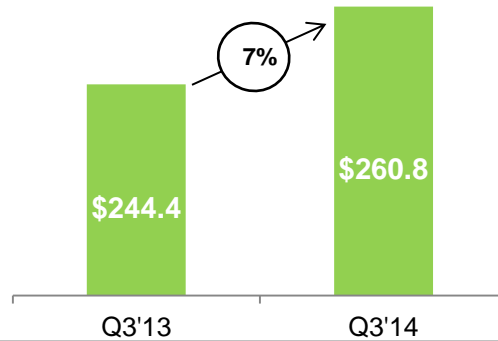
Net revenue (millions)



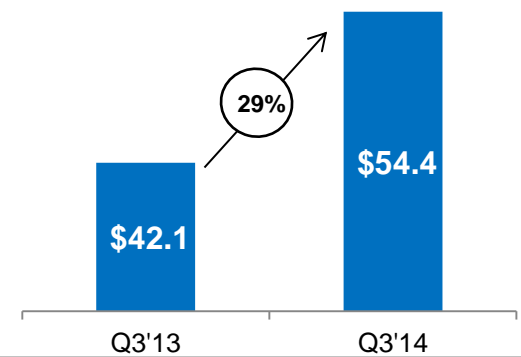
Adjusted EBITDA (millions)



Adjusted EBITDA (millions)



Adjusted EBITDA (millions)



(1) See adjusted EBITDA and segment adjusted EBITDA reconciliations to GAAP equivalents in Appendix; comparisons between year to date pro forma financial results ended March 31, 2014, and year-ago pro forma results have been adjusted to reflect the impact of the company's reorganization and initial public offering.



Fiscal 2014 annual guidance¹

Premier, Inc. full-year fiscal 2014 financial guidance:

(in millions, except per share data)			
	FY 2014	YoY Change	
Pro forma net revenue:			
Supply Chain Services segment	\$628 - \$635	12% - 14%	
Performance Services segment	\$231 - \$234	13% - 14%	
Total pro forma net revenue	\$859 - \$869	12% - 14%	
Non-GAAP pro forma adjusted EBITDA	\$342 - \$350	9 - 11%	
Non-GAAP pro forma adjusted fully distributed EPS	\$1.23 - \$1.27	NA*	
* Not applicable			

¹As of fiscal 2014 third-quarter conference call, 05/12/2014. For non-GAAP measures, see reconciliations to GAAP equivalents in Appendix. Pro forma guidance measures are “forward-looking statements.” For information regarding the use and limitations of non-GAAP financial measures and forward-looking statements, see “Forward-looking statements and Non-GAAP financial measures” at the front of this presentation.



Strong cash position and cash flow as of March 31, 2014



- ▶ **Cash, cash equivalents and marketable securities of \$507.3M**
- ▶ **Cash flow from operations of \$285.9M increased 9% from last year**
- ▶ **Capital expenditures of \$39.8M for 9 months, up 43% YOY primarily due to increase in projects under development**
- ▶ **Minimal debt**





- ▶ **Unique customer alignment**
- ▶ **Data-driven, technology enabled**
- ▶ **Diversified growth engine**
- ▶ **Compelling financial profile**

Thank You



PREMIER

Appendix

Our leadership team

Susan DeVore, President and **CEO**
11 years Premier; 25 years Healthcare
Cap Gemini Ernst & Young



Craig McKasson, **CFO**
17 years Premier; 20 years Healthcare
Ernst & Young



Mike Alkire, **COO**
10 years Premier; 12 years Healthcare, 16 years IT
& Supply Chain
Cap Gemini Ernst & Young



Jeff Lemkin, **General Counsel**
5 years Premier; 40+ years Healthcare
McDermott Will & Emery



Durral Gilbert, **President, Supply Chain Services**
8 years Premier; 7 years Healthcare
BDS Management, Wachovia Securities



Terry Linn, **SVP Strategy**
4 years Premier; 30+ years Healthcare
Ernst & Young, American Medical International,
Charter Medical



Wes Champion, **SVP, Performance Partners**
7 years Premier; 22 years Healthcare
Cap Gemini Ernst & Young, Accenture



Kelli Price, **SVP People**
13 years Premier; 15 years Healthcare
Malcolm Baldrige National Quality Award



Keith Figlioli, **SVP, Informatics**
5 years Premier; 10 years HIT, 20 years Technology
Eclipsys (acquired by Allscripts)



Blair Childs, **SVP Advocacy**
8 years Premier; 25 years Healthcare
AdvaMed



Andy Brailo, **SVP, Member Field Services**
12 years Premier; 20 years Healthcare
Medibuy, Bard



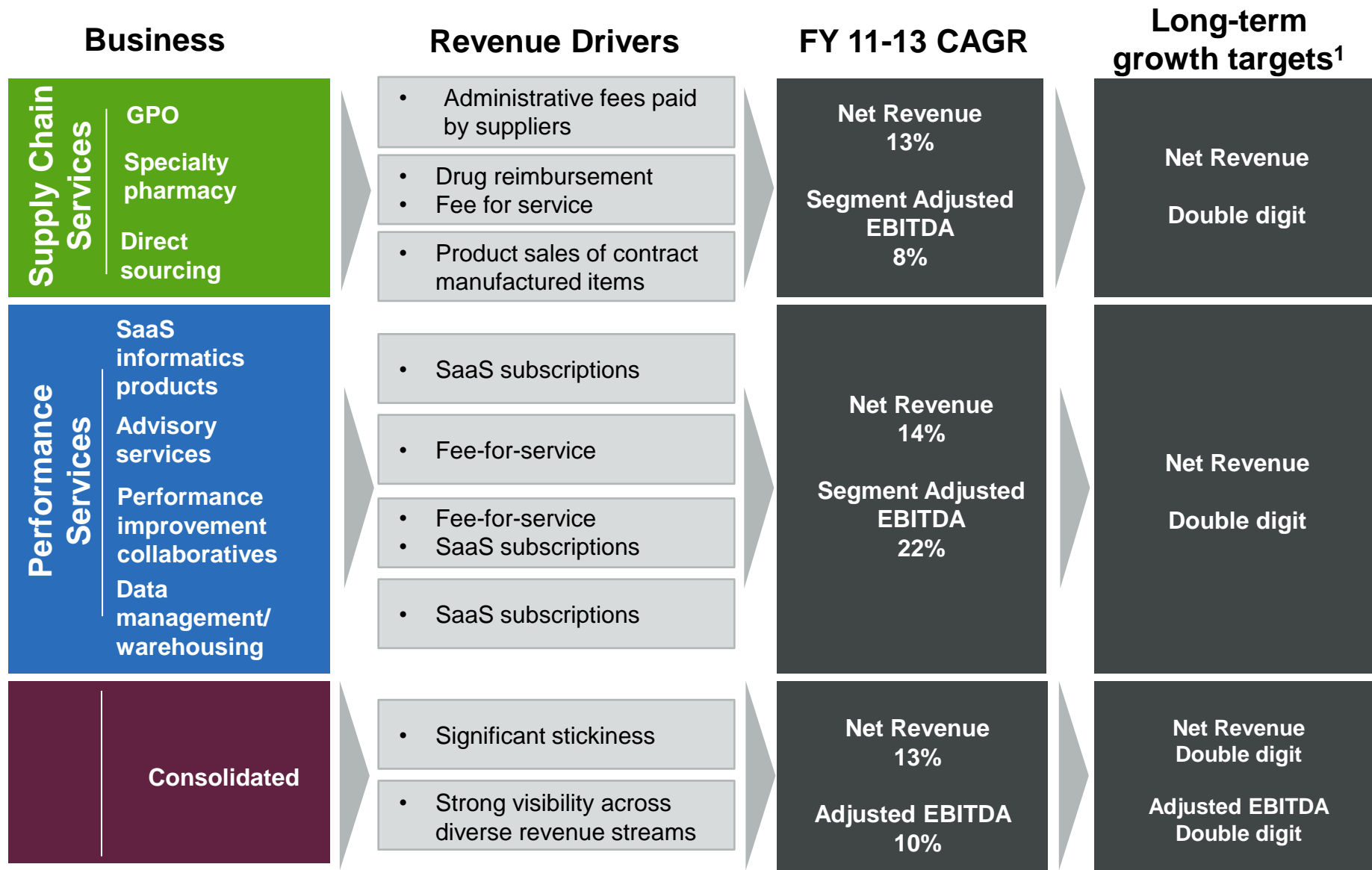
Richard Bankowitz, **CMO/Chief Scientist**
7 years Premier; 25 years Healthcare
CareScience, University HealthSystem Consortium



Gary Long, **SVP, Chief of Sales**
2 years Premier; 20 years Healthcare
McKesson



Our multiple business and growth drivers¹



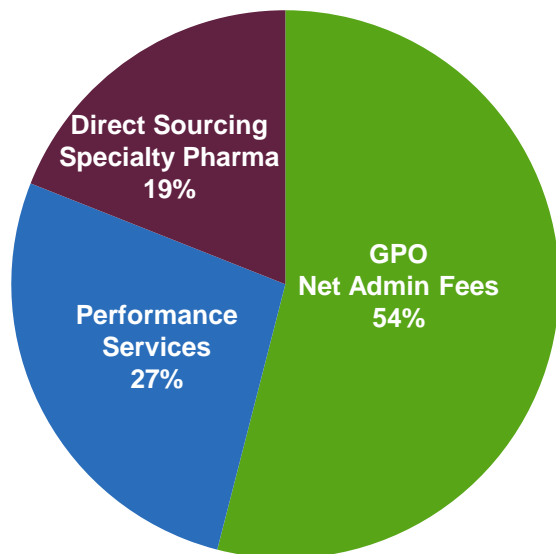
¹ See Adjusted EBITDA reconciliation to GAAP equivalent in this Appendix. See “Forward-looking statements and Non-GAAP financial measures” page for factors that may impact our ability to achieve long-term growth targets.





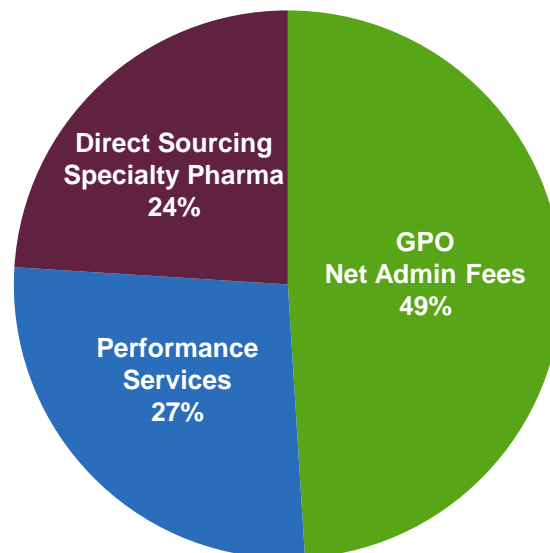
Impact of strategic diversification and expansion on EBITDA

Revenue for nine months
ended March 31, 2013



Pro forma¹ net revenue: \$563.3
Pro forma¹ adjusted EBITDA: \$235.9
Adjusted EBITDA margin: 41.9%

Revenue for nine months
ended March 31, 2014



Pro forma¹ net revenue: \$633.8
Pro forma¹ adjusted EBITDA: \$257.8
Adjusted EBITDA margin: 40.7%

Strategic intent to diversify and expand business expected to drive EBITDA growth while intentional mix shift impacts EBITDA margin – relative to high-margin GPO business – over time.¹

¹ See Adjusted EBITDA reconciliation to GAAP equivalent in this Appendix. See “Forward-looking statements and Non-GAAP financial measures” page for factors that may impact our expected EBITDA growth.



Structural implications of Premier Inc.

Structure

- ▶ Structured as “up C” with Premier, Inc. (parent C-Corp above operating partnership and subsidiaries)
- ▶ Premier, Inc. formed with two classes of stock
 - Class A shares held by public investors
 - Class B shares allocated to member owners

Impact of IPO and Exchange Process

- ▶ 22% of Limited Partner interests sold to Premier, Inc., 78% retained by member owners as Class B units
- ▶ Class B units eligible to exchange 1/7th per year, over seven-year period
- ▶ Exchange of Class B Common Units for A-shares (on a 1-for-1 basis) as B-units vest subject to ROFR by members owners and Premier, Inc.

Adjusted fully distributed net income

- ▶ Given Up-C structure and differences between taxes paid by our Class A unit holder (Premier GP) vs. distributions to our Class B unit holders (members owners), we calculate Adjusted Fully Distributed Net Income¹ for comparability purposes
- ▶ Reflects taxes and net income as if the Company was a C-Corp for all periods presented

Share count

- ▶ Class A and Class B shares will be used to calculate fully diluted EPS to eliminate variability due to member exchanges over time

¹ See adjusted fully distributed net income reconciliation to GAAP equivalent in Appendix



Illustrative impact of ownership structure

Income Statement

	Ownership 22% Class A / 78% Class B	Ownership 100% Class A
Net Revenue	500,000	500,000
Cost of Revenue	200,000	200,000
Gross Profit	300,000	300,000
Operating Expenses	140,000	140,000
Operating Income	160,000	160,000
Net Income Attributable to NCI in Premier LP	(124,800) A	-
Pre-Tax Income Attributable to Premier Inc.	35,200	160,000
Income Tax Expense	14,080 B	64,000
Net Income Attributable to Premier, Inc.	21,120	96,000

Income Retained in Business

Net Income Attributable to Premier, Inc.	21,120	96,000
Net Income Attributable to NCI in Premier LP	124,800	-
Tax Distribution to Premier LP Limited Partners	(49,920) C	-
Net Income Retained in Business	96,000 D	96,000

Adjusted Fully Distributed Net Income

Net Income Attributable to Premier, Inc.	21,120	96,000
Add: Income Tax Expense	14,080	64,000
Add: Net Income Attributable to NCI in Premier	124,800	-
Fully Distributed Income Before Income Taxes	160,000	160,000
Adjusted for income tax expense on fully distributed net income before income taxes	64,000 E	64,000
Adjusted Fully Distributed Net Income	96,000	96,000

Income Taxes/Tax Distributions

Income Tax Expense	14,080	64,000
Tax Distribution to Class B Limited Partners	49,920	-
Total Tax, including tax distribution to limited partners	64,000 F	64,000

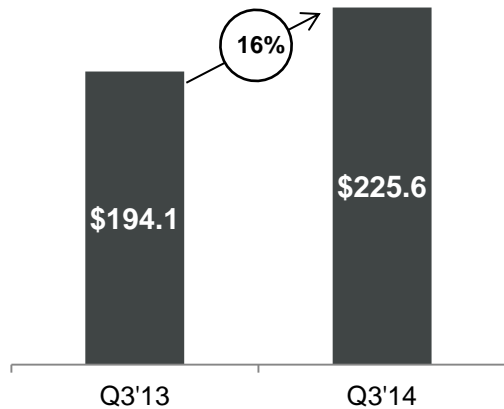
- A** Member owners allocated income in operating partnership based on percentage ownership
- B** Income tax expense equals 40% of income attributable to Premier, Inc.
- C** Member owners receive tax distribution to cover any tax liability on allocated income have converted to Class A
- D** Amount of retained profitability in business equal regardless of ownership structure
- E** Reflects 41% tax rate on 100% of pretax income (assumes full C-Corp tax treatment)
- F** Amount paid for taxes equal regardless of structure



Third-quarter financial highlights¹

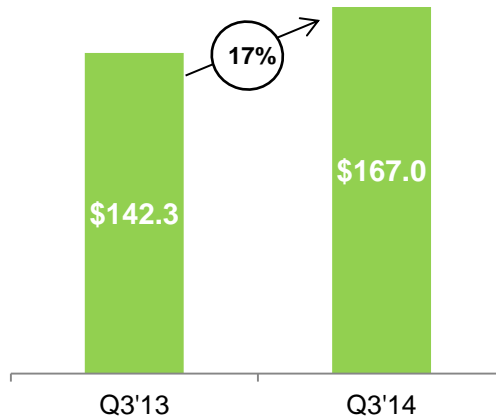
Consolidated

Net revenue (millions)



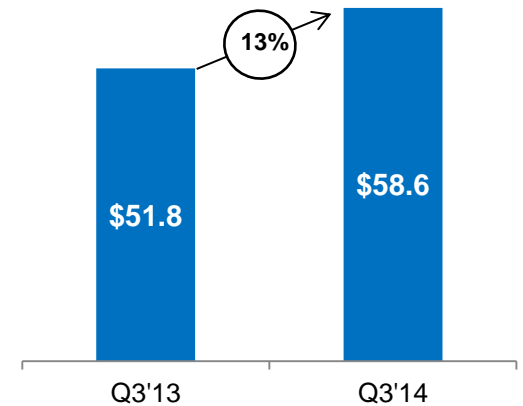
Supply Chain Services

Net revenue (millions)

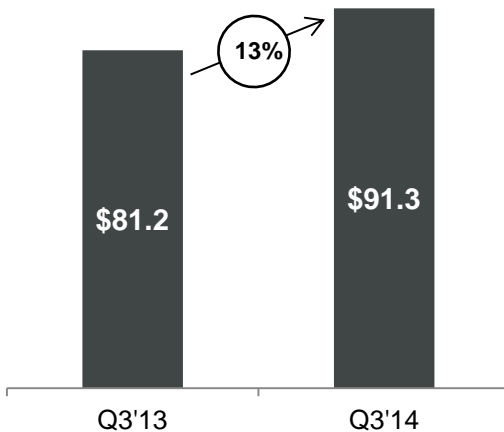


Performance Services

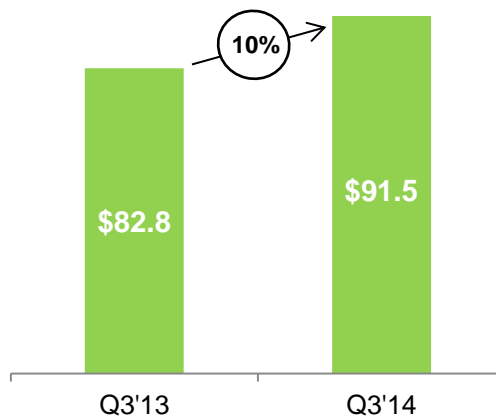
Net revenue (millions)



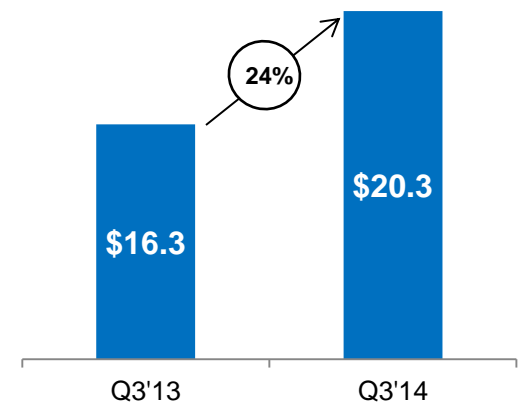
Adjusted EBITDA (millions)



Adjusted EBITDA (millions)



Adjusted EBITDA (millions)



(1) See adjusted EBITDA and segment adjusted EBITDA reconciliations to GAAP equivalents in Appendix; comparisons between third-quarter financial results ended March 31, 2014, and year-ago pro forma results have been adjusted to reflect the impact of the company's reorganization and initial public offering.












Integrated approach attracting more 'all-in' engagements



- ▶ **Doctors Hospital at Renaissance – Edinburg, TX
Goes 'all-in' with 16 technology, consulting,
collaborative solutions**
- ▶ **Carolinas HealthCare System – Charlotte, NC
Goes 'all-in' with expansion of SafetyAdvisor and
OperationsAdvisor Ambulatory**
- ▶ **Riverside – Newport News, VA
Goes 'all-in' with technology, consulting,
collaborative solutions**
- ▶ **Princeton HealthCare System – Princeton, NJ
New member goes 'all-in' with Performance
Services solutions and Supply Chain Services,
including outsourced supply chain leadership**



How we grow our Performance Services business

	Small (\$50K to \$250K AAV)	Medium (\$250K to \$1M AAV)	Large (\$1M+ AAV)
OperationsAdvisor annual subscription			
QualityAdvisor annual subscription			
SafetyAdvisor annual subscription			
Performance Improvement Collaboratives participation fees QUEST – PACT			
Advisory Services			
PremierConnect Enterprise annual subscription			
Medicare Breakeven (consulting and product)			



Performance Services pricing

	Small (\$50K to \$250K AAV)	Medium (\$250K to \$1M AAV)	Large (\$1M+ AAV)
OperationsAdvisor annual subscription	# of hospitals & ambulatory locations, discharge & patient visit volume		
QualityAdvisor annual subscription	# of hospitals & discharge volume, inclusion (or not) of regulatory reporting		
SafetyAdvisor annual subscription	# of hospitals & discharge volume		
Performance Improvement Collaboratives participation fees – QUEST / PACT	Fee per hospital depending on data sources & availability		
Advisory Services	Time & Materials, flat fee, performance based	Time & Materials, flat fee, performance based	Time & Materials, flat fee, performance based
PremierConnect Enterprise annual subscription			# of data sources, variation in use cases, data size (storage), number of users
Medicare Breakeven (consulting and product)			Data availability, # of hospitals/locations, area's to evaluate (supply chain, clinical, operational)



Case Study: Reducing costs and improving quality of care

Problem identified:

- ▶ SpendAdvisor identifies health system with antimicrobial agent spending 35% above peers.
- ▶ QualityAdvisor finds clinical outcomes comparable to peers, despite increased spending.
- ▶ SpendAdvisor analysis pinpoints cause for increased spending on two high-cost pharmaceuticals – generic equivalent with same efficacy is available at greatly reduced cost.

Solution found:

- ▶ Premier consultants work with health system to define and optimize use of identified drugs, developing protocol to identify cases where generic would provide effective treatment.
- ▶ SafetyAdvisor incorporates real-time alerts to notify physicians when generic should be used, allowing for rapid substitution.
- ▶ Premier consultants monitor program, ensuring it doesn't lead to longer length of stay, higher mortality, excessive readmissions.

Success achieved:

- ▶ Health system saving \$800,000 a year and consistent clinical outcomes



Industry leader in driving population health solutions

Subject Matter Expertise

PHYSICIAN NETWORK MANAGEMENT

Clinical Integration

Network Development

ACO Readiness

POPULATION ANALYTICS & RISK MANAGEMENT

Shared Savings

Bundle Payments

Value-based contracting

POPULATION ENGAGEMENT

PCMH

Care Management

Transitions in Care

Collaboratives



PACT™ POPULATION HEALTH COLLABORATIVE

Information Technology (SaaS Solutions)

POPULATION FOCUS™
POWERED BY VERISK HEALTH

CARE FOCUS™
POWERED BY PHYTEL



PREMIER CONNECT™ ENTERPRISE

KLAS recognizes **Premier among the highest performers in breadth of portfolio** with providers validating our functionality across four key areas of population management.



Fiscal 2013 non-GAAP reconciliations

(\$ millions, FYE 6/30)	FY2013A
Pro Forma Adjusted EBITDA Reconciliation	
GAAP Net Income	\$250.2
Add: Interest & Investment Income, net (a)	(1.0)
Add: Income Tax Expense	29.6
Add: Depreciation & Amortization	27.7
Add: Amortization of Purchased Intangible Assets	1.5
EBITDA	\$308.1
Add: Strategic and Financial Restructuring Expenses (b)	5.2
Add: Loss on Disposal of Assets (c)	0.8
Pro Forma Adjusted EBITDA	\$314.0
Segment Adjusted EBITDA	
Supply Chain Services	\$326.6
Performance Services	56.5
Corporate (d)	(69.1)
Pro Forma Adjusted EBITDA	\$314.0
Less: Depreciation & Amortization	(27.7)
Less: Amortization of Purchased Intangible Assets	(1.5)
Less: Strategic and Financial Restructuring Expenses (b)	(5.2)
Less: Equity in Net Income of Unconsolidated Affiliates	(12.0)
Pro Forma Operating Income	\$267.7

(\$ millions, FYE 6/30)	FY2013A
Adjusted Fully Distributed Net Income Reconciliation	
Pro Forma Net Income Attributable to PHSI	\$33.2
Add: Income Tax Expense	29.6
Add: Strategic and Financial Restructuring Expenses (b)	5.2
Add: Pro Forma Net Income Attributable to Premier LP (e)	218.5
Pro Forma Fully Distributed Income Before Income Taxes	\$286.4
Adjusted for: Income tax expense on pro forma fully distributed income before income taxes (f)	(116.8)
Pro Forma Adjusted Fully Distributed Net Income	\$169.6

- (a) Represents interest income, net and realized gains and losses on our marketable securities
- (b) Represents legal, accounting and other expenses directly related to the Reorganization and this offering
- (c) Represents loss on disposal of property and equipment
- (d) Corporate consists of general and administrative corporate expenses that are not specific to either of our segments
- (e) Reflects the elimination of the noncontrolling interest in Premier LP as if all member owners of Premier LP had fully exchanged their Class B common units for shares of Class A common stock
- (f) Reflects income tax expense at an estimated effective income tax rate of 41% of income before income taxes assuming the conversion of all Class B units into shares of Class A common stock and the tax impact of excluding strategic and financial restructuring expenses



Fiscal 2014 third-quarter non-GAAP reconciliations

(Unaudited, in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014*	2013	2014	2013
Reconciliation of Pro Forma Net Revenue to Net Revenue:				
Pro Forma Net Revenue	\$ 225,598	\$ 194,125	\$ 633,820	\$ 563,340
Pro forma adjustment for revenue share post-IPO	—	29,573	41,263	65,349
Net Revenue	\$ 225,598	\$ 223,698	\$ 675,083	\$ 628,689
Reconciliation of Pro Forma Adjusted EBITDA and Segment Adjusted EBITDA to Net Income and Operating Income:				
Net income	\$ 101,980	\$ 101,142	\$ 265,985	\$ 271,590
Pro forma adjustment for revenue share post-IPO	—	(29,573)	(41,263)	(65,349)
Interest and investment income, net	(400)	(281)	(641)	(599)
Income tax expense	9,413	1,255	24,461	5,938
Depreciation and amortization	9,396	6,789	26,952	19,798
Amortization of purchased intangible assets	802	385	2,158	1,154
Pro Forma EBITDA	121,191	79,717	277,652	232,532
Stock-based compensation	6,299	—	13,118	—
Acquisition related expenses	984	—	1,303	—
Strategic and financial restructuring expenses	733	1,429	3,614	3,347
Gain on sale of investment	(37,850)	—	(37,850)	—
Other (income) expense, net	(52)	5	(56)	5
Pro Forma Adjusted EBITDA	\$ 91,305	\$ 81,151	\$ 257,781	\$ 235,884
Pro Forma Adjusted EBITDA	\$ 91,305	\$ 81,151	\$ 257,781	\$ 235,884
Depreciation and amortization	(9,396)	(6,789)	(26,952)	(19,798)
Amortization of purchased intangible assets	(802)	(385)	(2,158)	(1,154)
Stock-based compensation	(6,299)	—	(13,118)	—
Acquisition related expenses	(984)	—	(1,303)	—
Strategic and financial restructuring expenses	(733)	(1,429)	(3,614)	(3,347)
Equity in net income of unconsolidated affiliates	(3,566)	(2,155)	(12,171)	(8,332)
	69,525	70,393	198,465	203,253
Pro forma adjustment for revenue share post-IPO	—	29,573	41,263	65,349
Operating income	\$ 69,525	\$ 99,966	\$ 239,728	\$ 268,602

* Note that actual results are presented for the three months ended March 31, 2014



Fiscal 2014 third-quarter non-GAAP reconciliations

(Unaudited, in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014*	2013	2014	2013
<i>Reconciliation of Non-GAAP Adjusted Fully Distributed Net Income:</i>				
Non-GAAP Adjusted Fully Distributed Net Income (pro forma):				
Net income attributable to shareholders	\$ 13,525	\$ 4,229	\$ 19,453	\$ 8,173
Pro forma adjustment for revenue share post-IPO	—	(29,573)	(41,263)	(65,349)
Income tax expense	9,413	1,255	24,461	5,938
Stock-based compensation	6,299	—	13,118	—
Gain on sale of investment	(37,850)	—	(37,850)	—
Acquisition related expenses	984	—	1,303	—
Strategic and financial restructuring expenses	733	1,429	3,614	3,347
Net income attributable to noncontrolling interest in Premier LP	87,925	97,260	246,055	264,463
Non-GAAP adjusted fully distributed income before income taxes	81,029	74,600	228,891	216,572
Income tax expense on fully distributed income before income taxes	33,222	30,586	93,845	88,795
Non-GAAP adjusted fully distributed net income (pro forma)	\$ 47,807	\$ 44,014	\$ 135,046	\$ 127,777

* Note that actual results are presented for the three months ended March 31, 2014

