PREMIER

TRANSFORMING HEALTHCARE FROM THE INSIDE

2014 Investor Day

May 28, 2014

PREMIER

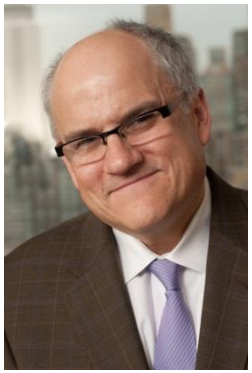
Jim Storey
Vice President, Investor Relations
Premier, Inc.

Introduction

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.



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Lee H. Perlman
President
Greater New York Hospital Association Ventures, Inc.

Welcome and Opening Remarks

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Susan D. DeVore
President and Chief Executive Officer
Premier, Inc.

Introduction and Overview of the Day

Mission, vision, values and objectives

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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

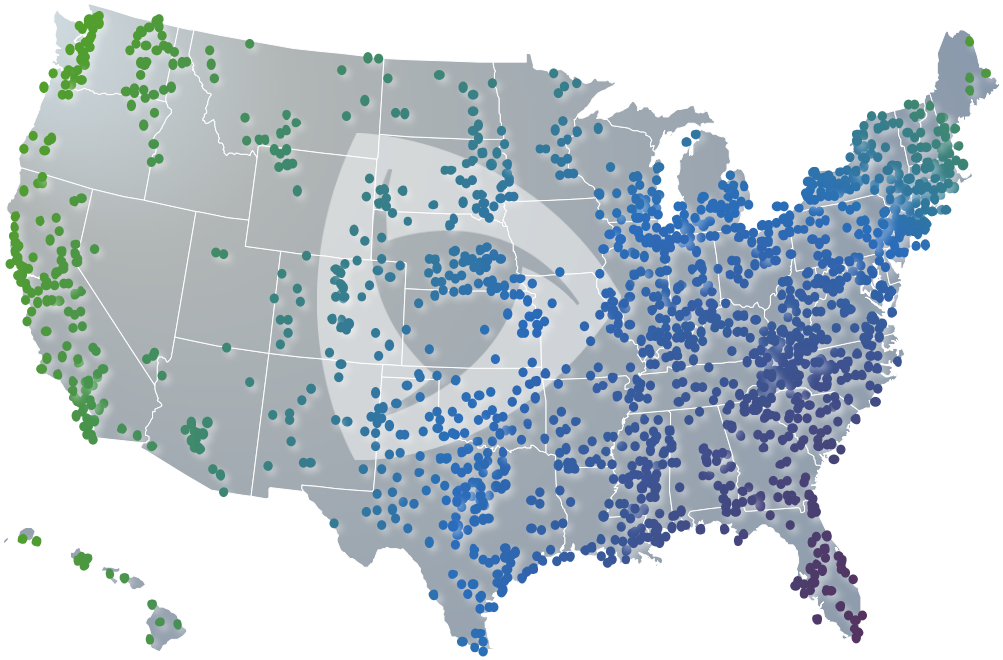
MAKE HEALTHCARE SUPPLY CHAIN EFFICIENT AND EFFECTIVE

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

Transforming healthcare from the inside

Our business at a glance



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TRANSFORMING HEALTHCARE TOGETHER®

- **78%** owned by health systems
- Uniting approximately **3,000** hospitals – 59% of U.S. community hospitals – and **110,000** alternate sites of care
- **~$41 billion** in group purchasing volume
- Insights into **1 out of every 3** U.S. health system discharges
- **Integrated clinical, financial and operational data**

Note: Data as of March 31, 2014.

Key differentiators

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

2014 Investor Day agenda

- 8:45 *Economic Outlook* presentation
- 9:00 *Economic Outlook* panel discussion
- 10:15 Break
- 10:30 Strategic overview & financial update
- 11:20 Operations discussion
- 12:20 Closing remarks
- 12:25 PremierConnect demonstration (Optional)
- 1:20 Lunch with management (Optional)

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Economic Outlook
Panel Discussion

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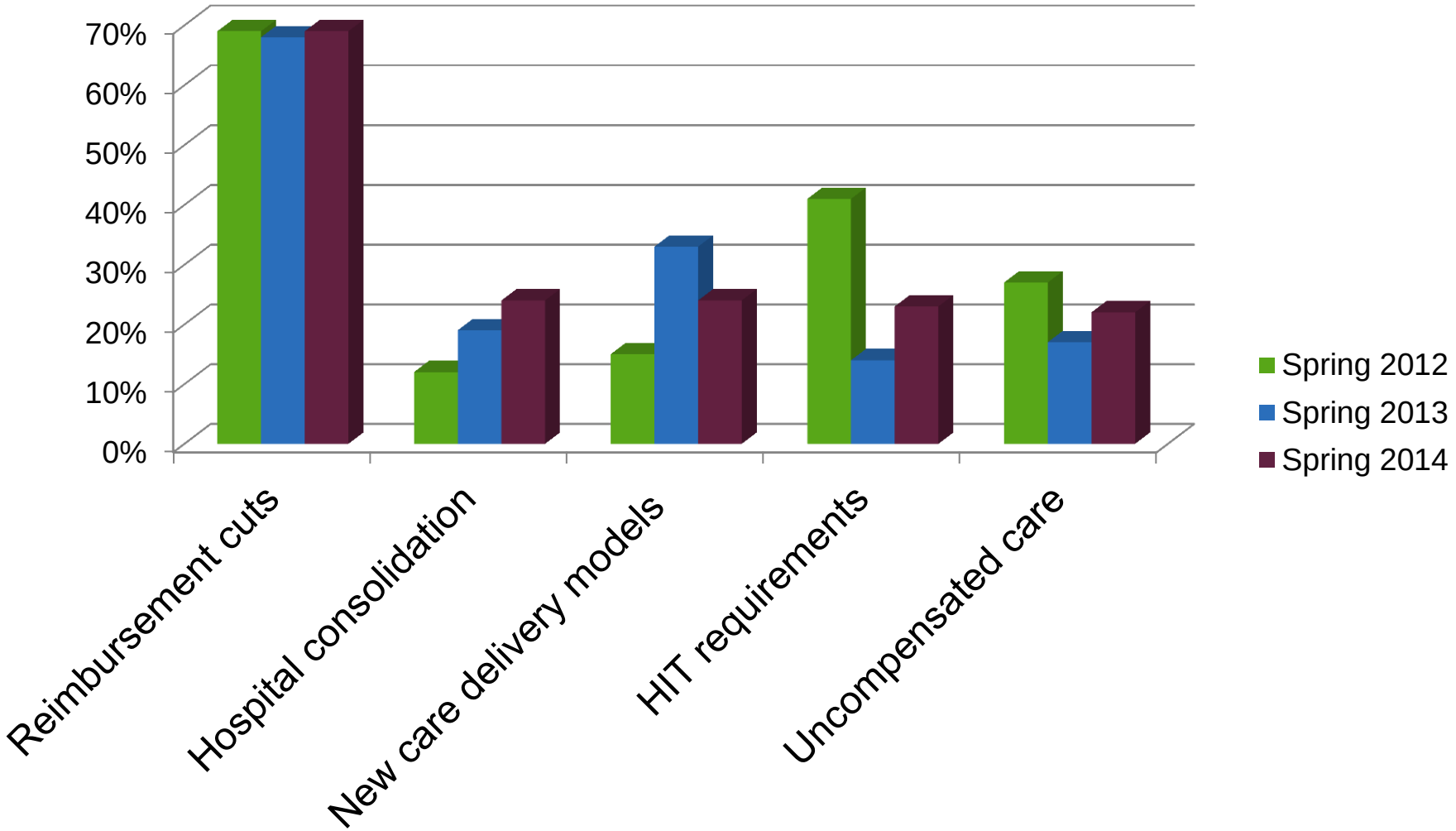
Michael J. Alkire
Chief Operating Officer

Spring 2014 Economic Outlook

C-Suite Survey

Healthcare trends

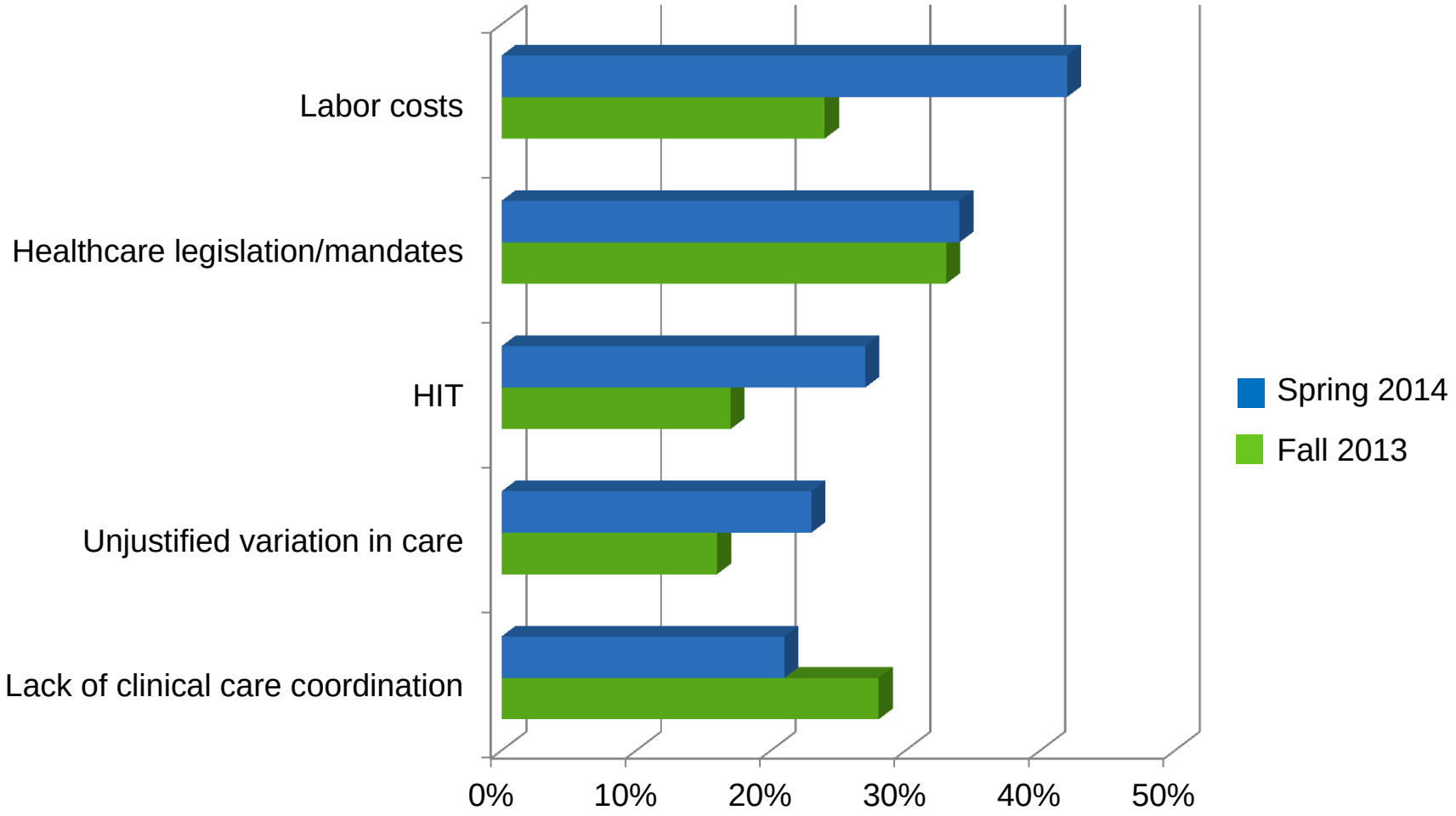
Which healthcare trends do you expect will have the greatest impact on your organization over the next year?



Source: Premier, Inc.'s spring 2014 *Economic Outlook*

Drivers of healthcare costs

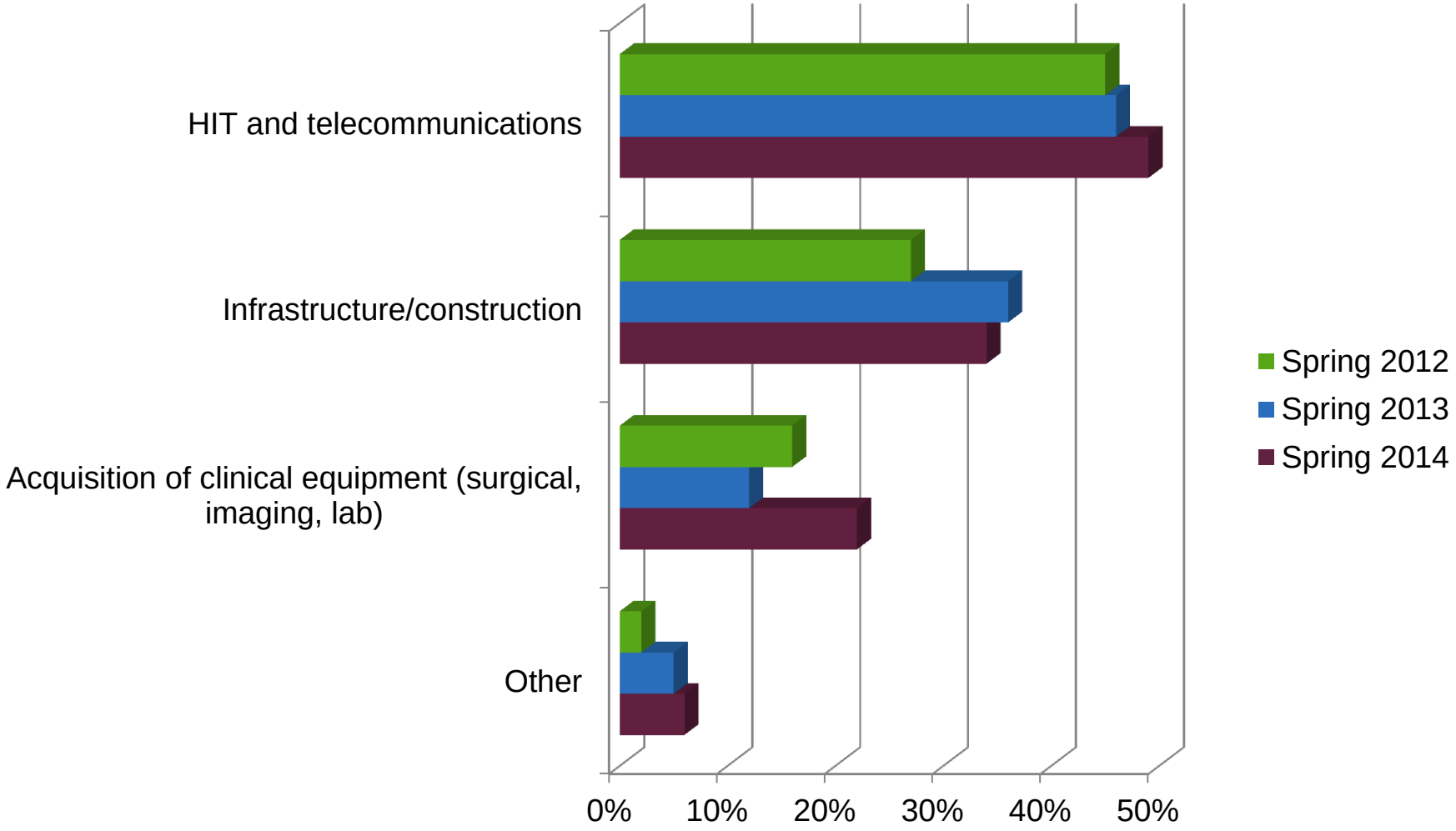
What are the biggest drivers of costs in your health system?



Source: Premier, Inc.'s spring 2014 *Economic Outlook*

Areas of largest capital investments

In what area will your health system make its largest capital investment over the next year?



Source: Premier, Inc.'s spring 2014 *Economic Outlook*

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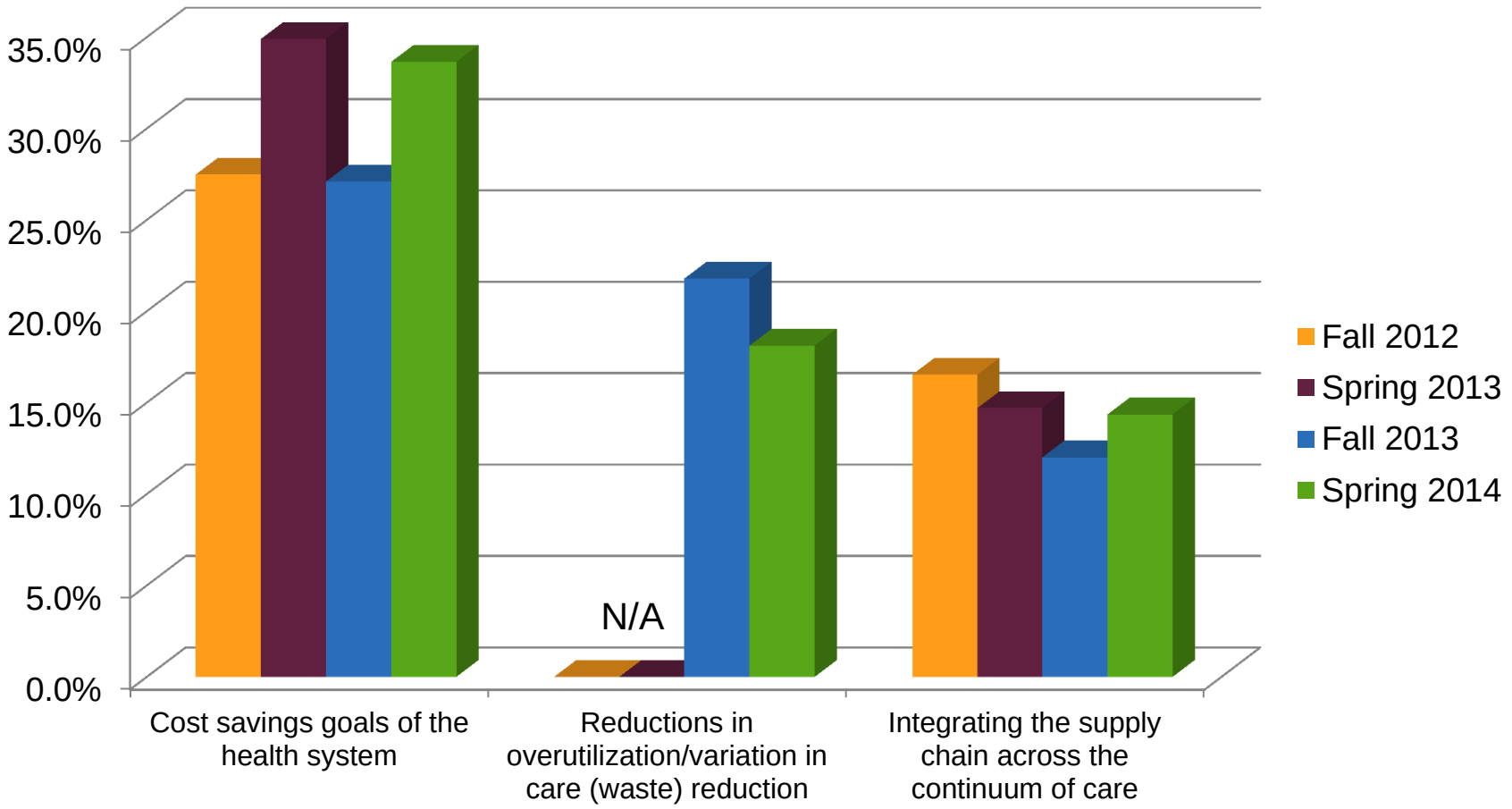
Durral R. Gilbert
President, Supply Chain Services

Supply chain trends to watch

Factors with greatest impact on supply chain

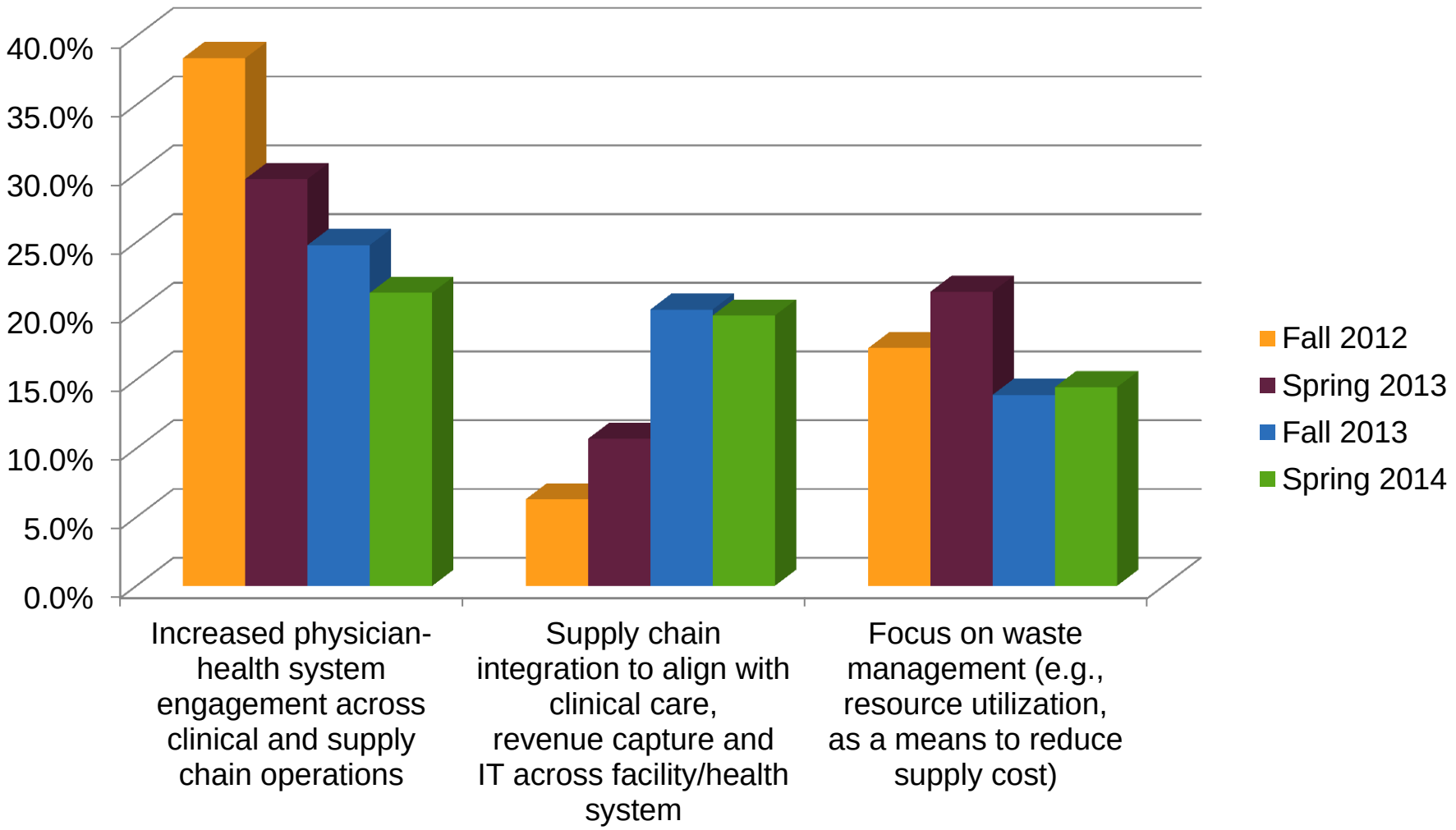
Which of the following will have the greatest impact on your health system's supply chain in the next year?



Source: Premier, Inc.'s spring 2014 *Economic Outlook*

Tactics to improve supply chain

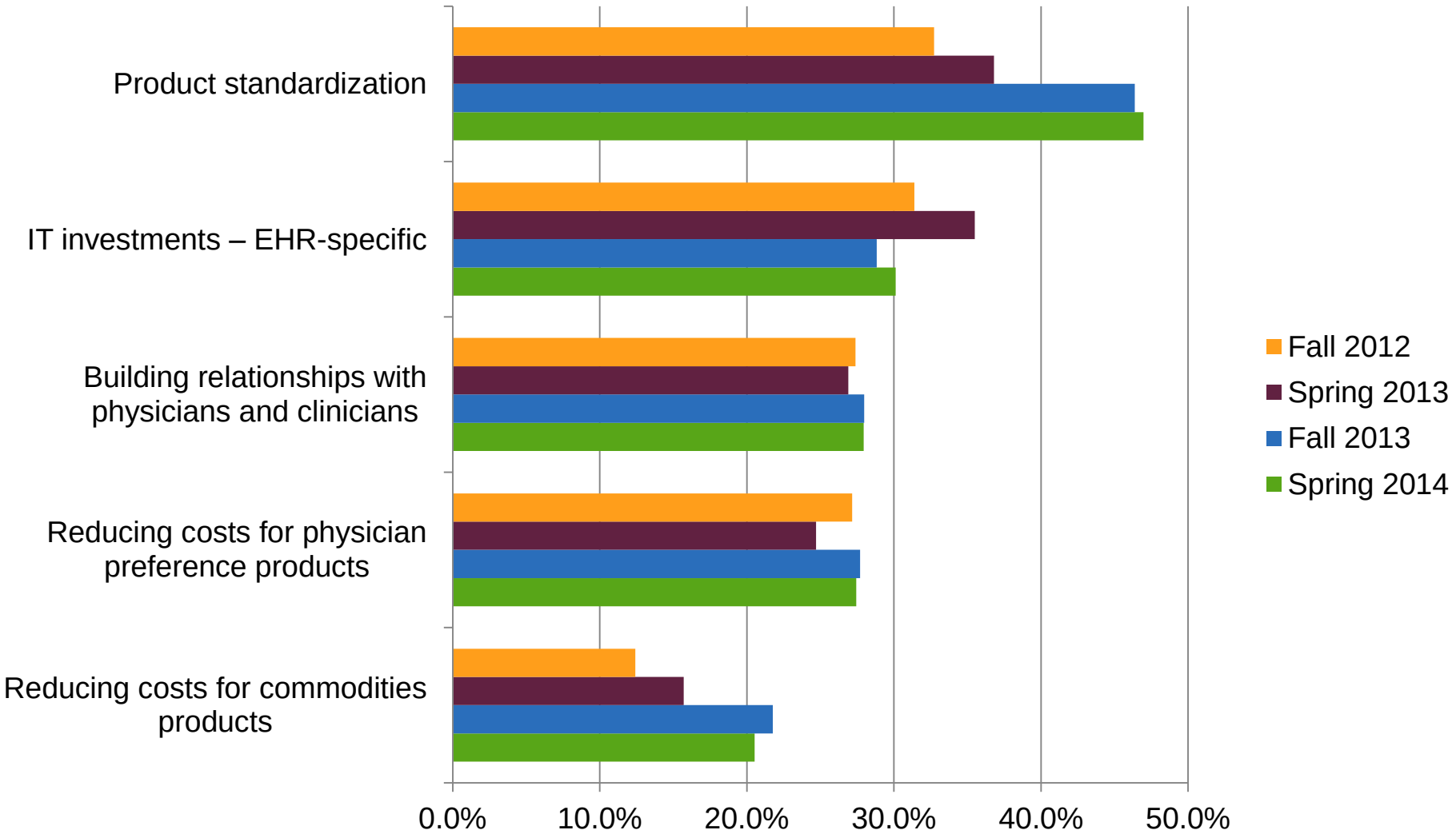
Which two tactics are being used by your health system to most effectively improve your supply chain over the next 12 months?



Source: Premier, Inc.'s spring 2014 *Economic Outlook*

Resource dedication for supply chain improvement

What are the top two areas of resource dedication for supply chain improvement at your health system?



Source: Premier, Inc.'s spring 2014 *Economic Outlook*

Healthcare executive panel

Moderated by:

Susan D. DeVore, President and Chief Executive Officer
Michael J. Alkire, Chief Operating Officer

Panelists:

Jeremy Boal, MD
EVP and Chief Medical Officer
The Mount Sinai Health System

Stephen L. Moore, MD
SVP and Chief Medical Officer
Catholic Health Initiatives

Terry D. Shaw
EVP, Chief Financial Officer
and Chief Operations Officer
Adventist Health System

Rebecca Sykes
SVP, Resource Management
and Chief Information Officer
Catholic Health Partners

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Break until 10:30 am

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Strategic Overview and Financial Update

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Susan D. DeVore
President and Chief Executive Officer

Strategic Overview

Uniquely positioned to address industry needs

Member and industry needs

- Total cost reduction
- Quality improvement across the continuum
- Evolving delivery and payment models
- Actionable data and information

Premier strategic differentiation

Scale

Co-innovation

Intelligence to transform from the inside

Leadership in population health

Shared infrastructure

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

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

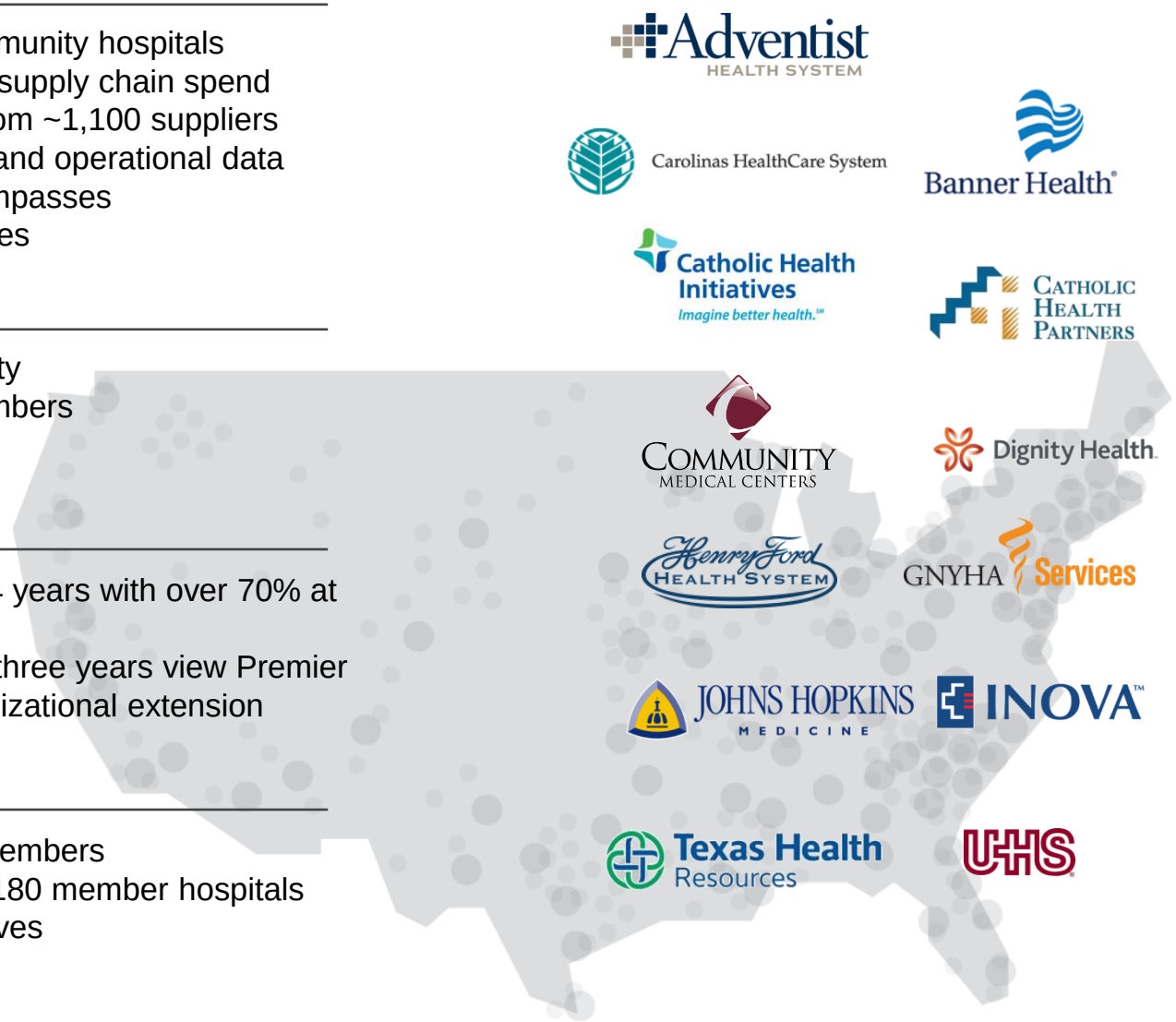
- Members own ~78% of equity
- 10 health system board members
- Embedded field force

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



Note: Data as of March 31, 2014.

Enhanced value through integrated business solutions

	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 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 members

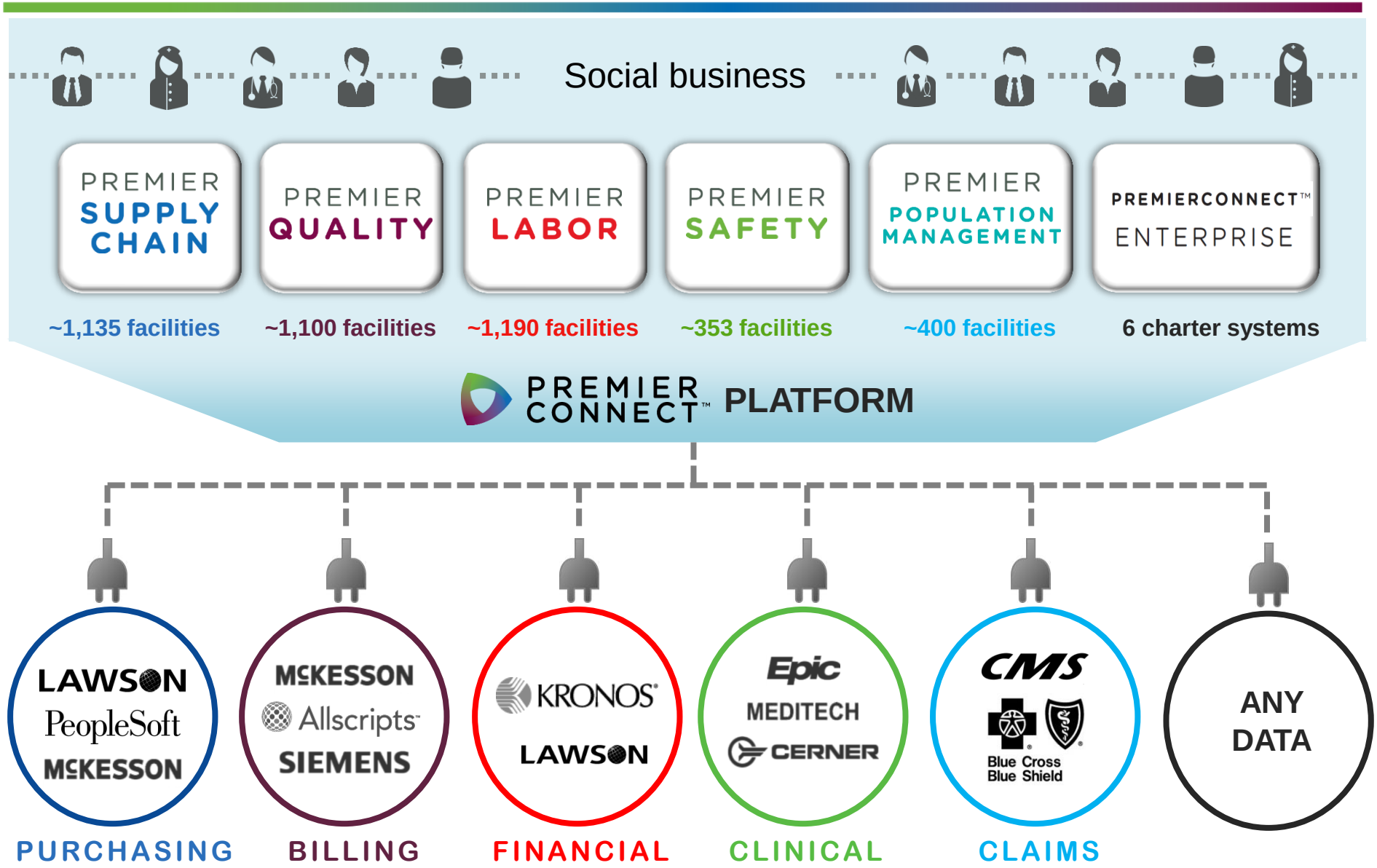
Single Platform

Unified sales/field

PREMIER CONNECT™

Note: Data as of March 31, 2014.

Enabling the information driven enterprise



Number of facilities installed and under contract as of 4/30/2014.

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

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

Industry leader in driving population health solutions

Subject Matter Expertise

PHYSICIAN NETWORK MANAGEMENT	POPULATION ANALYTICS & RISK MANAGEMENT	POPULATION ENGAGEMENT
Clinical Integration	Shared Savings	PCMH
Network Development	Bundle Payments	Care Management
ACO Readiness	Value-based contracting	Transitions in Care

Collaboratives

PACT™ POPULATION HEALTH COLLABORATIVE

Information Technology
(SaaS Solutions)

POPULATION FOCUS™
POWERED BY VERISK HEALTH

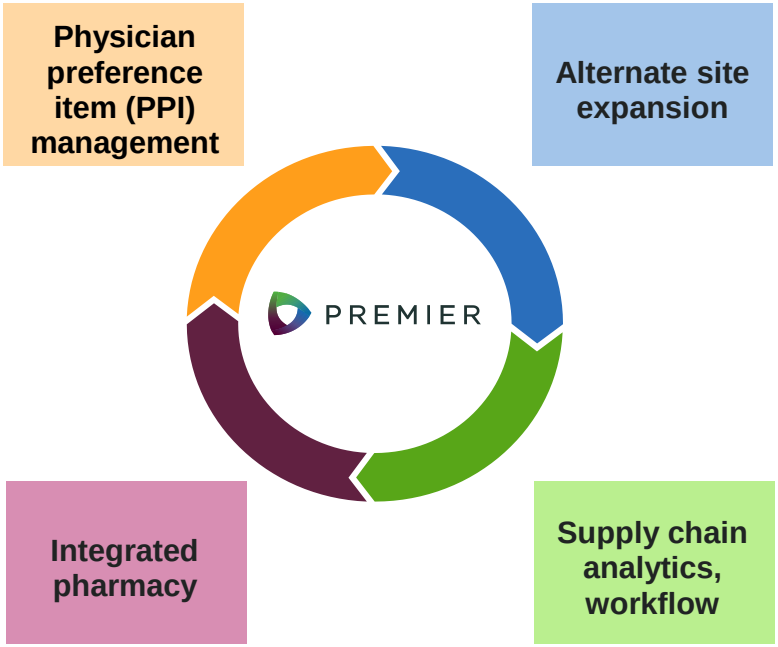
CARE FOCUS™
POWERED BY PHYTEL

PREMIER CONNECT™ ENTERPRISE

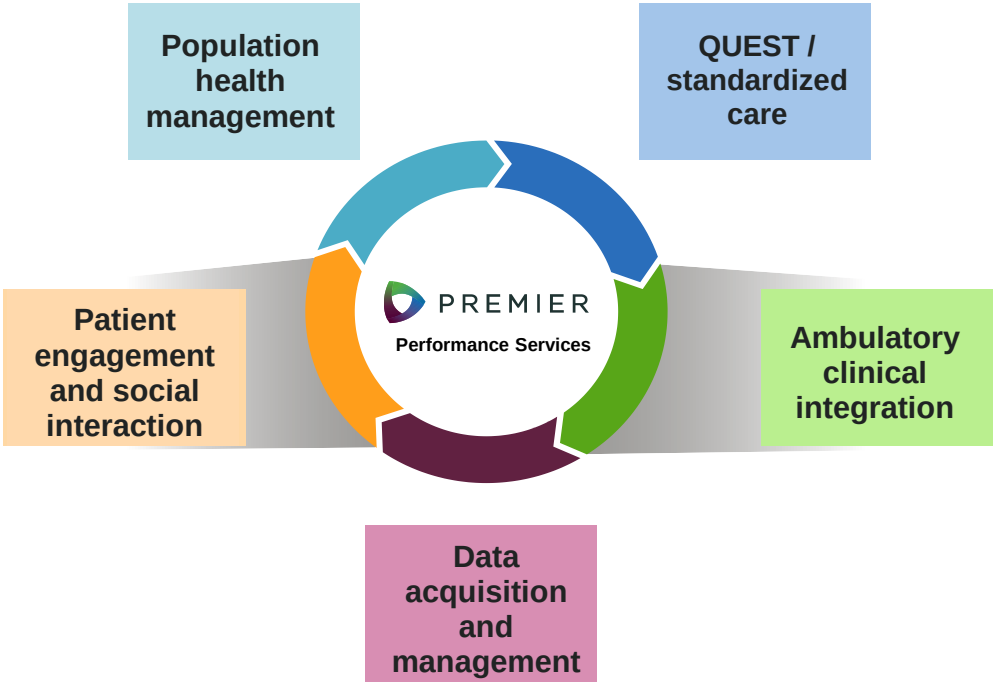
KLAS recognizes **Premier among the highest performers in breadth of portfolio** with providers validating our functionality across four key areas of population management.

Attractive opportunities for capital deployment

Supply Chain Services



Performance Services



Diverse and growing end markets to accelerate Premier's growth

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Michael J. Alkire
Chief Operating Officer

Diversified Growth Engine

Multiple levers drive long-term sustainable growth

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

Member-driven co-development engine

Organic

QUALITYADVISOR™

OPERATIONSADVISOR®

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

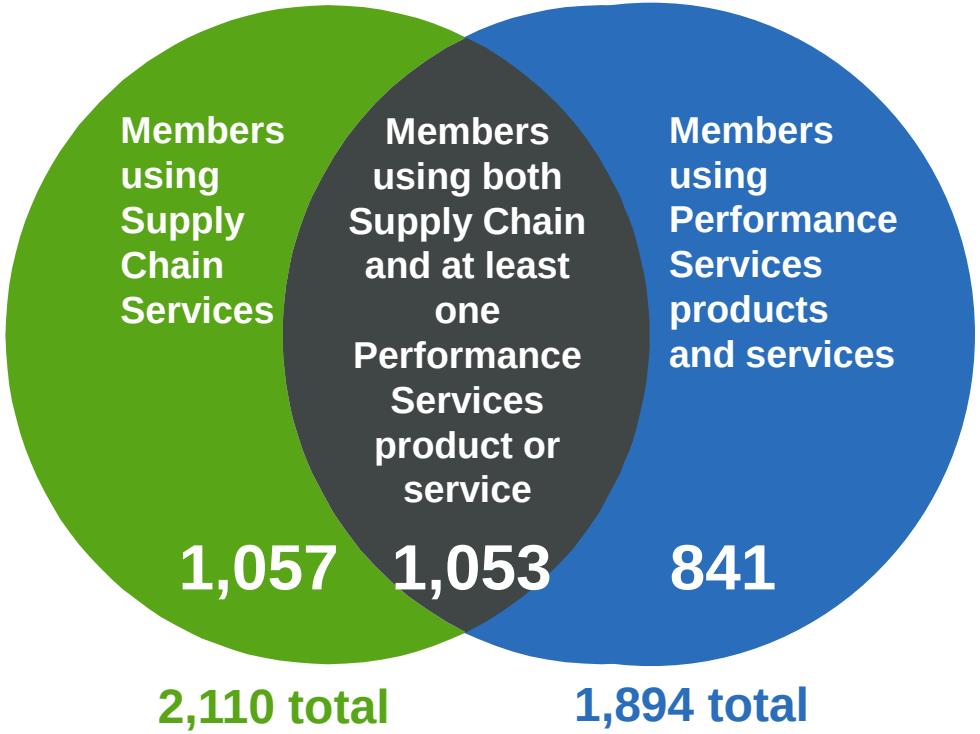
POPULATIONFOCUS™ POWERED BY VERISK HEALTH

CAREFOCUS™ POWERED BY PHYTEL

IBM

Premier platform enables rapid deployment of new solutions

Significant cross-sell opportunities



If all members use all Premier solutions – supply chain, applications, collaborative, advisory services…

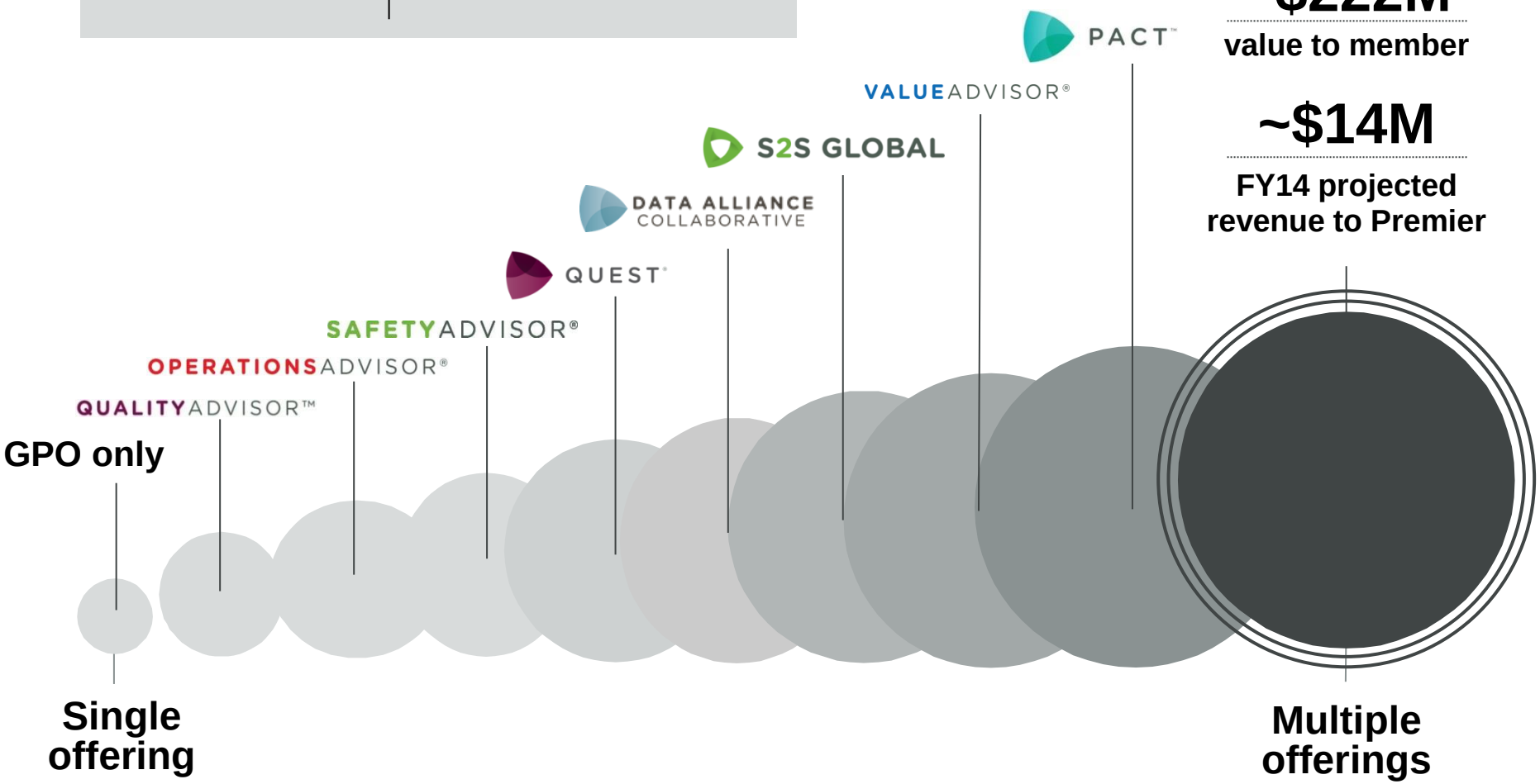
Significant revenue opportunity

2,951 acute members

Note: Numbers are as of March 31, 2014.

Growing from within our committed member channel

CASE STUDY | Texas Health Resources®



~$222M
value to member

~$14M
FY14 projected revenue to Premier

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

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Craig McKasson
Chief Financial Officer

Compelling Financial Profile

Premier financial performance highlights

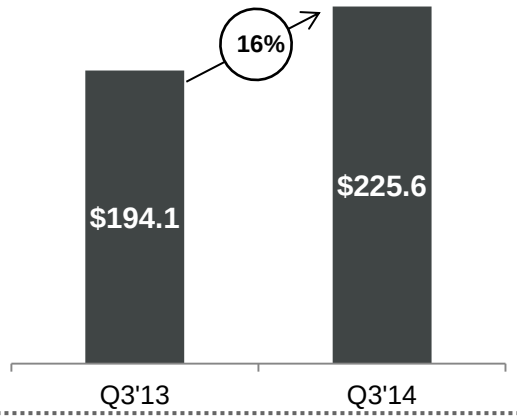
Attractive growth	• Consolidated double-digit net revenue and adjusted EBITDA[1] growth • Diversified growth levers in Supply Chain Services and Performance Services • Multiple emerging growth drivers
High visibility	• High retention rates in Supply Chain Services and Performance Services • 5-7 year 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 EBITDA[1] margins, but enhance adjusted EBITDA[1] 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

[1] See Adjusted EBITDA reconciliation to GAAP equivalent in Appendix

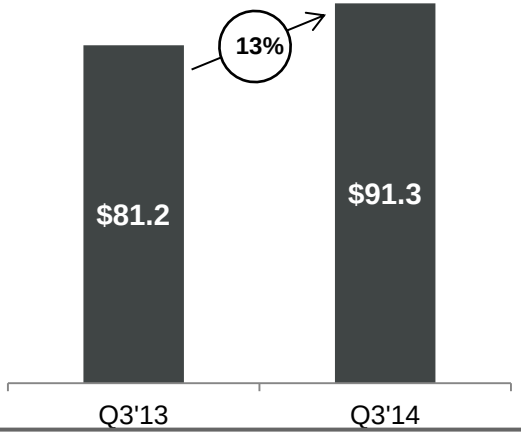
Third-quarter financial highlights[1]

Consolidated

Net revenue ***(millions)***

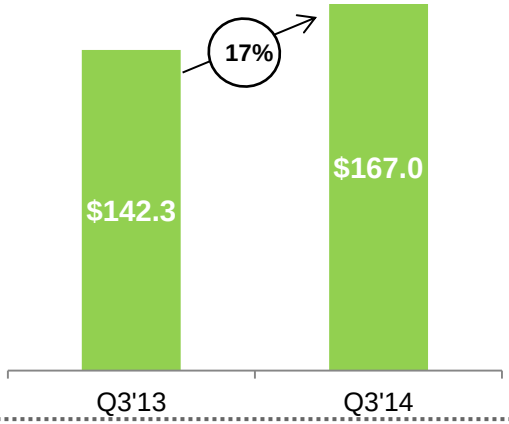


Adjusted EBITDA ***(millions)***



Supply Chain Services

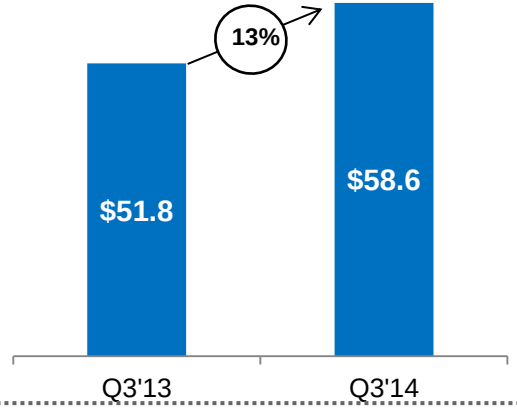
Net revenue ***(millions)***



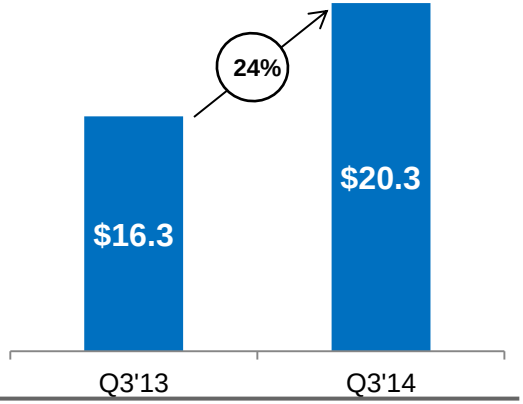
Adjusted EBITDA ***(millions)***

Performance Services

Net revenue ***(millions)***



Adjusted EBITDA ***(millions)***

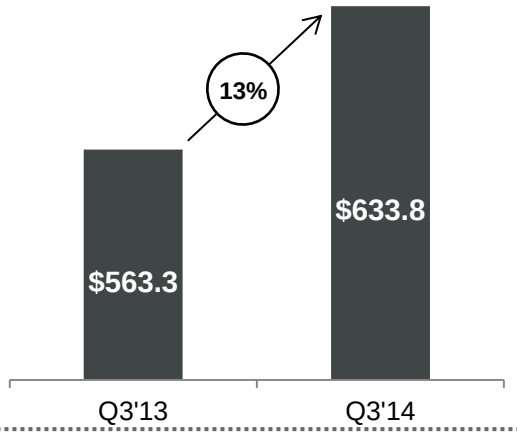


(1) See adjusted EBITDA and segment adjusted EBITDA reconciliations to GAAP equivalents in Appendix; comparisons between third-quarter financial results ended March 31,2014, and year-ago pro forma results have been adjusted to reflect the impact of the company's reorganization and initial public offering.

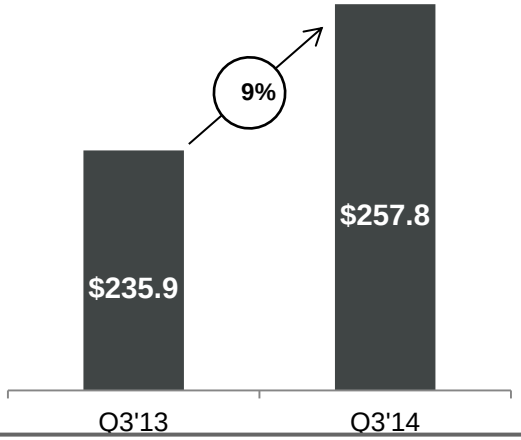
Year-to-date nine-month financial highlights[1]

Consolidated

Net revenue *(millions)*

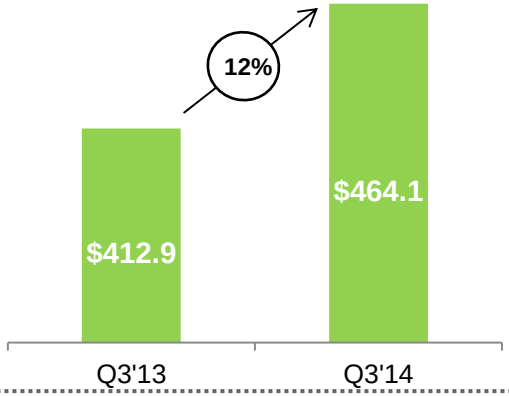


Adjusted EBITDA *(millions)*

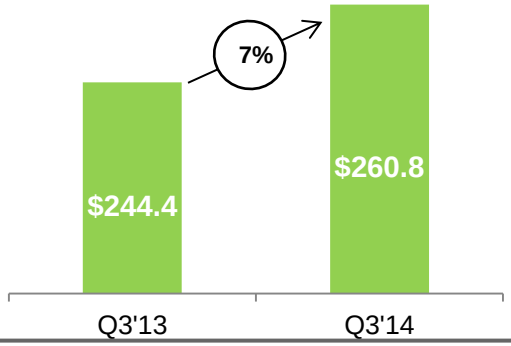


Supply Chain Services

Net revenue *(millions)*

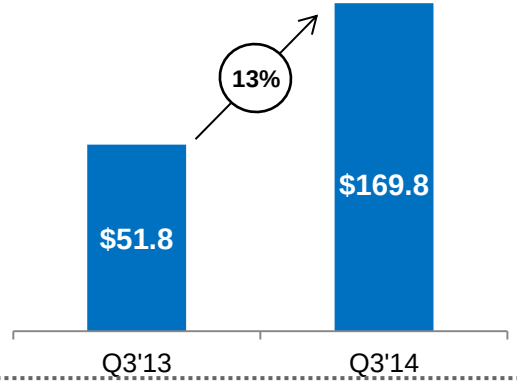


Adjusted EBITDA *(millions)*

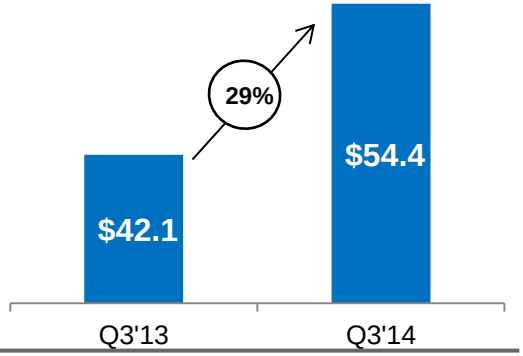


Performance Services

Net revenue *(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 guidance[1]

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

[1]As 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.

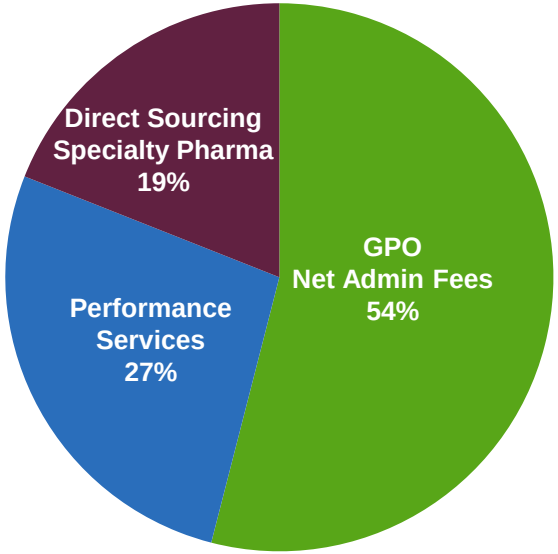
Our multiple business and growth drivers[1]

Business		Revenue Drivers	FY 11-13 CAGR	Long-term growth targets[1]
Supply Chain	GPO Specialty pharmacy Direct sourcing	• Administrative fees paid by suppliers • Drug reimbursement • Fee for service • Product sales of contract manufactured items	Net Revenue 13% Segment Adjusted EBITDA 8%	Net Revenue Double digit
Performance Services	SaaS informatics products Advisory services Performance improvement collaboratives Data management/ warehousing	• SaaS subscriptions • Fee-for-service • Fee-for-service • SaaS subscriptions • SaaS subscriptions	Net Revenue 14% Segment Adjusted EBITDA 22%	Net Revenue Double digit
	Consolidated	• Significant stickiness • Strong visibility across diverse revenue streams	Net Revenue 13% Adjusted EBITDA 10%	Net Revenue Double digit Adjusted EBITDA Double digit

[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.

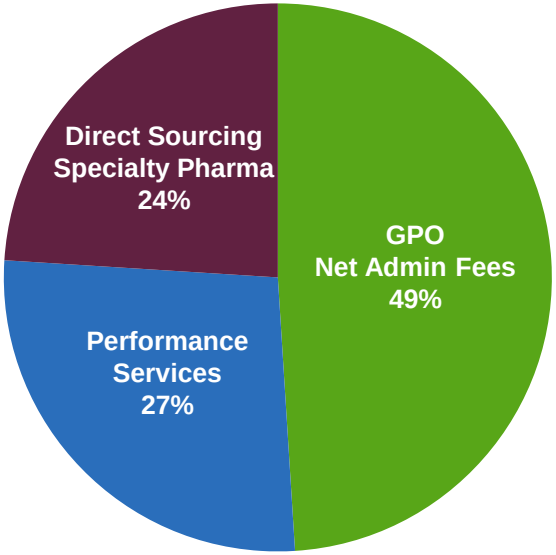
Impact of strategic diversification and expansion on EBITDA

Revenue for nine months ended March 31, 2013



Pro forma[1] net revenue: $563.3
Pro forma[1] adjusted EBITDA: $235.9
Adjusted EBITDA margin: 41.9%

Revenue for nine months ended March 31, 2014



Pro forma[1] net revenue: $633.8
Pro forma[1] 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 Income[1] 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

	Ownership 22% Class A / 78% Class B	Ownership 100% Class A
Income Statement		
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

See Adjusted EBITDA and Adjusted Fully Distributed Net Income reconciliations to GAAP equivalents in Appendix

- **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

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**

Future financing plans

- **Anticipate replacing and upsizing current credit facility (expires 12/2014) with syndicated credit facility**
- **Preferable terms:**
  - **5-year term**
  - **Favorable pricing**
  - **Similar or improved covenant package to match our business strategy**
- **Prudent use of leverage in our liquidity mix**
- **Expected to provide additional financial flexibility for future acquisitions**

For information regarding the use and limitations of forward-looking statements, see “Forward-looking statements and Non-GAAP financial measures” at the front of this presentation and similar discussions in our SEC filings. There can be no assurances as the actual terms, timing or uses of any new or amended credit facility.

PREMIER

Q&A

PREMIER

Operations Discussion

An integrated operating model for delivering solutions

	COST MANAGEMENT	QUALITY/SAFETY IMPROVEMENT	POPULATION HEALTH
Services	• Group purchasing • Non-labor • Labor • Total cost • Clinical variation • Resource utilization • Integrated pharmacy	• Quality and safety • Physician improvement • Regulatory compliance • Harm and readmissions	• 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

Operations discussion

Moderated by:
Michael J. Alkire, Chief Operating Officer

Michael J. Alkire
Chief Operating Officer
Premier, Inc.

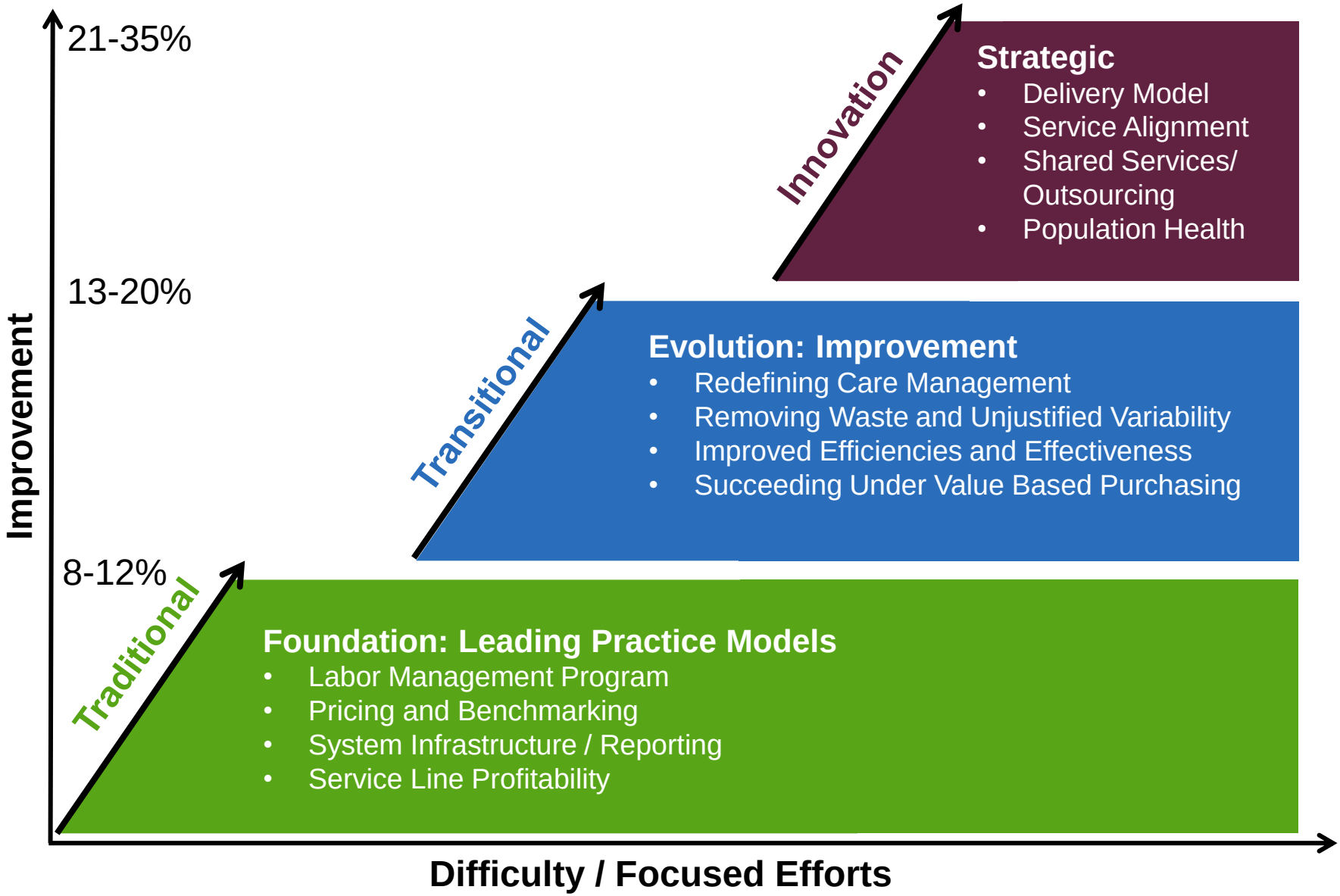
Durral R. Gilbert
President, Supply Chain Services
Premier, Inc.

Keith J. Figlioli
SVP, Healthcare Informatics
Premier, Inc.

Wes Champion
SVP, Premier Performance Partners
Premier, Inc.

Meeting our members where they are

and preparing them for the future



Drilling into unjustified variation and waste

Variation from optimal deployment can cause significant waste

Over or improper use

- Duration of care (LOS)
- Level of care (LOC)
- Procedural intervention
- Diagnostic intervention
- Rx intervention
- Supply utilization

Under or improper use

- Major Areas for Review
  - Optimizing the Supply Chain:
    - » **Resource Utilization**
    - » **Pharmacy**
    - » **Physician Preference Items**
    - » **Purchase Services**
  - Throughput (LOS/LOC)
  - Labor Management
- Services to Analyze
  - Inpatient services
  - Ancillary/Outpatient services
  - Procedural areas
- Data Required
  - Clinical
  - Operational
  - Financial

Supply Chain Services: delivering market differentiation

Changing the game in supply chain

GPO enhancement

ASCEND / QUEST

Improved supply expense performance

ASCEND

Clinical & physician preference solution

SYMMEDRx™ HEALTHCARE SOLUTIONS

MEMdata

Expanded cost reduction

- Purchased services
- Information technology
- Facilities management

Expanding the supply chain

ASCEND / PACT

Non-acute expansion

PREMIER SPEND CONTROL™

Formulary development

S2S GLOBAL

Integrated pharmacy

COMMCARE SPECIALTY PHARMACY

PREMIER PBM

Transformation of supply chain

Technology enablement

DEMANDBUY

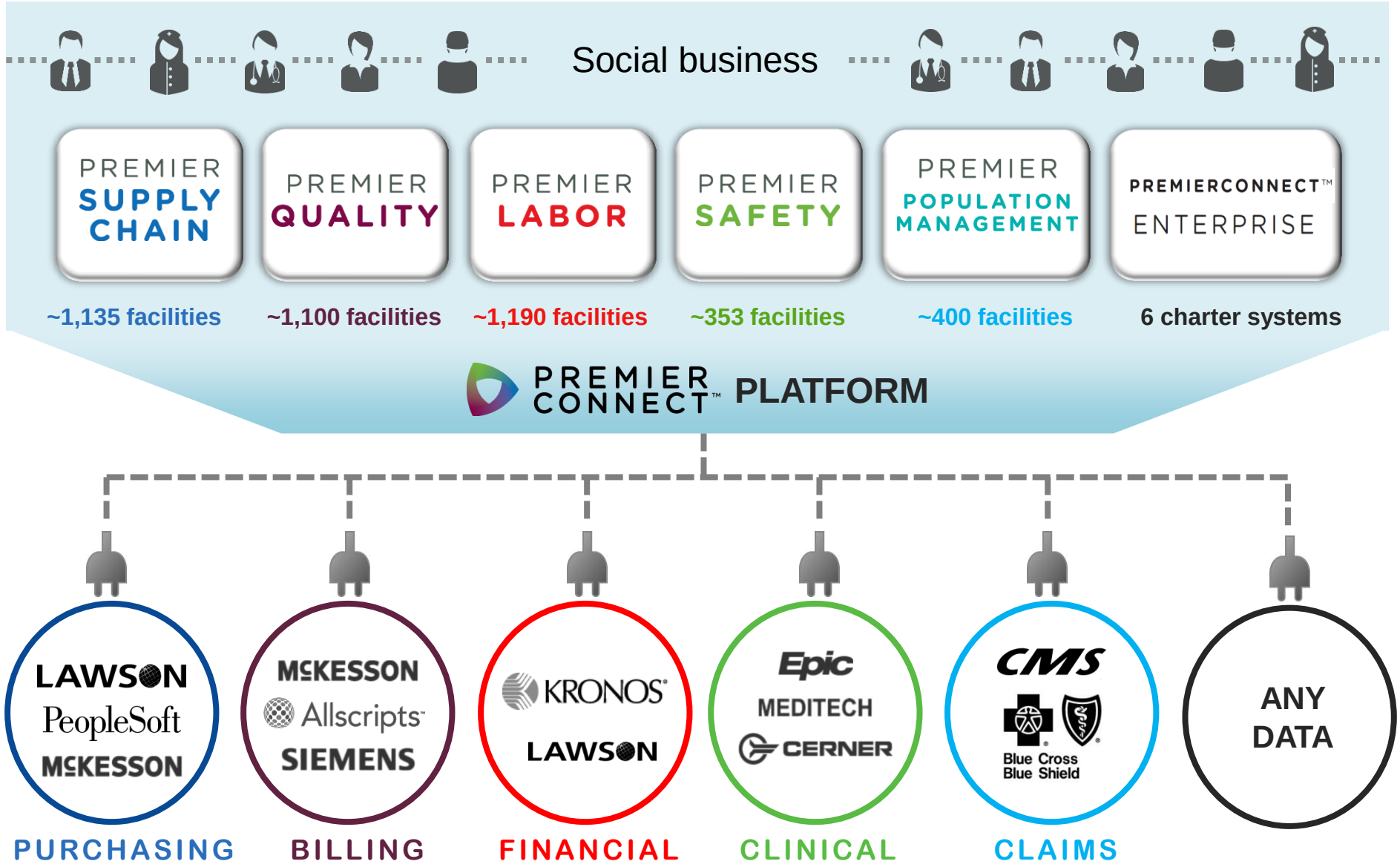
EXPRESSBUY™

Supply chain outsourcing/ shared services

- Interim management, staff management, full outsourcing

PREMIER CONNECT™ | SUPPLY CHAIN

Enabling the information driven enterprise



Number of facilities installed and under contract as of 4/30/2014.

PREMIER

Closing

Key differentiators

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

PREMIER

Thank You

PREMIER

Appendix

Our leadership team

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

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

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

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

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

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

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

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

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

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

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

Gary Long, **SVP, Chief of Sales**
<1 year Premier; 20 years Healthcare
McKesson

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

Chip Cater, **SVP, Chief Marketing Officer**
<1 year Premier; 26 years Sales & Marketing
Thomson Reuters

Performance Services contracting scenarios

	Small ($50K to $250K AAV)	Medium ($250K to $1M AAV)	Large ($1M+ AAV)
Operations Advisor annual subscription	✓		
Quest Collaborative participation fee	✓		
Quality Advisor annual subscription		✓	
Labor program (consulting and product)		✓	
PremierConnect Enterprise annual subscription			✓
Medicare Breakeven (consulting and product)			✓

Performance Services pricing drivers

	Small ($50K to $250K AAV)	Medium ($250K to $1M AAV)	Large ($1M+ AAV)
OperationsAdvisor annual subscription	# of hospitals & ambulatory locations, discharge & patient visit volume		
Quest Collaborative participation fee	Fee per hospital depending on data sources & availability		
QualityAdvisor annual subscription		# of hospitals & discharge volume, inclusion (or not) of regulatory reporting	
Labor program (consulting and product)		# of hospitals & ambulatory locations, discharge & patient visit volume. # of departments/locations evaluating	
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, areas to evaluate (supply chain, clinical, operational)

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, 2014*	Three Months Ended March 31, 2013	Nine Months Ended March 31, 2014	Nine Months Ended March 31, 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, 2014*	Three Months Ended March 31, 2013	Nine Months Ended March 31, 2014	Nine Months Ended March 31, 2013
Reconciliation of Non-GAAP Adjusted Fully Distributed Net Income:				
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