Quintiles

financial performance

Adjusted Service Revenues¹

'10 – ‘14 CAGR = 8.6%

Adjusted EBITDA²

'10 – ‘14 CAGR = 11.7%

Net New Business and Book-to-Bill³

'10 – ‘14 CAGR = 12.1%

Backlog

Financial highlights

(in $ thousands, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
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<tr>
<td>Adjusted Service Revenues¹</td>
<td>$2,996,752</td>
<td>$3,294,966</td>
<td>$3,692,298</td>
<td>$3,808,340</td>
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<td>Adjusted Income from Operations²</td>
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<td>398,420</td>
<td>445,430</td>
<td>504,098</td>
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<td>Adjusted Net Income²</td>
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<td>204,030</td>
<td>264,030</td>
<td>353,418</td>
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<td>Free Cash Flow³</td>
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<td>$85,274</td>
<td>$264,365</td>
<td>$305,024</td>
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<td>Diluted Adjusted Earnings Per Share²</td>
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<td>Diluted Weighted Average Common Shares</td>
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<td>117,936</td>
<td>117,796</td>
<td>127,862</td>
<td>131,083</td>
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¹. Adjusted service revenue excludes service revenues of $64,198 in 2010 for the deconsolidation of PharmaBio.
². See page 11 for reconciliation of GAAP to Non-GAAP metrics for Adjusted Income from Operations and Adjusted Net Income.
³. Book-to-bill is calculated as Net New Business divided by Adjusted Service Revenues.

1. Adjusted service revenue excludes service revenues of $64,198 in 2010 for the deconsolidation of PharmaBio.
2. See page 11 for reconciliation of Net Income to Adjusted EBITDA.
I am pleased to report that 2014 was another strong year for Quintiles in which we solidified our position as the world’s largest provider of biopharmaceutical development services and commercial outsourcing services through value creation for customers, growth and shareholder return. Our financial performance was highlighted by a 31.1% growth in diluted adjusted earnings per share and a book-to-bill ratio of 1.34. The outlook for our industry and company is attractive, and we have implemented strategies to create value for customers and shareholders and improved outcomes for patients.

Quintiles’ competitive advantages and strong execution resulted in service revenue growth at constant currency of 10.1% in 2014. Our customers acknowledged our advantages by rewarding us with new business that contributed to an industry-leading backlog of $11 billion as of December 31, 2014. Our Product Development segment posted a strong book-to-bill of 1.41 with service revenue growth of 6.3% at constant currency. We delivered much-improved service revenue growth in our Integrated Healthcare Services segment, which grew service revenues by 22.5% at constant currency with a book-to-bill of 1.15.

Our financial performance was highlighted by a 31.1% growth in diluted adjusted earnings per share

During 2014, we extended Quintiles’ leadership through deeper relationships with our customers and reinventing the way we support our core clinical customers. At the same time, we leveraged our skills into supporting emerging biotech’s needs, provided innovative solutions in market access and other areas for commercial customers, continued our leadership in real-world evidence solutions, and helped hospitals with their electronic health record challenges. In addition, we evolved our branding to demonstrate our strong commitment to customers with: “Improve your probability of success.” I will explain this further, but we put our customers’ success at the center of what we do, which benefits all of our stakeholders – customers, employees, patients, and investors.

Let me share some perspective on 2014 and where we are going in 2015.

Attractive market dynamics for our services

2014 was a good year for our customers, and a strong year for us. Forty-one novel new drugs were approved by the Food and Drug Administration (FDA), the most since 1996. Innovation was evident with 41% of approvals considered “first-in-class” and 24% of approvals being novel biologic therapies. There was a resurgence of new drugs for the treatment of infectious diseases to complement the continued growth surge in cancer-related therapies. Likewise, 61% of approvals were designated with some form of priority review by the FDA. The European Medicines Agency (EMA) recommended
81 therapies for approval – significantly more than the previous year. Biotech funding increased by 46% for 2014. Approved therapies provided the fuel – funding – for innovation in drug development, commercialization, and the evolution of care pathways for providers. When our customers are successful, biopharmaceutical service providers and Quintiles, as the leader, benefit.

At the same time, we are seeing innovations in therapies and an improving environment for innovative drug development. Oncology and the treatment of various types of cancer are very active. Immunotherapies – therapies that leverage the immune system to attack cancer alone or in combination with other medications – are progressing rapidly. Our understanding of molecular biology and the human genome is resulting in targeted therapies, and potentially greater safety, across the spectrum. The ability to use various companion diagnostics to understand disease progression and speed understanding of a therapy’s efficacy is improving, resulting in greater clinical trial complexity, but also faster approvals by agencies. Increased clinical trial complexity resulted in a 157% increase in the median number of procedures per clinical trial between 2002 and 2012, increasing the cost per patient of trials even while the average size of trials has decreased.

The market backdrop I’ve described results in growing demand for biopharmaceutical services. We estimate annual market growth to be 6–8% across our business segments. We believe the annual markets for our segments, Product Development and Integrated Healthcare Services, to each be greater than $90 billion.

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The outsourcing trend in biopharmaceutical and healthcare spending is an important market growth component. We are at a time of great change in the pharmaceutical industry, and the provision of healthcare in general. After a century of domination by large, vertically and horizontally integrated companies – companies that needed that integration to bring quality products on a global scale – we are seeing a massive change. Advances in science, technology, and focused service providers – like Quintiles – allow companies to shed functions in order to become more focused and more efficient, thereby improving their shareholder returns. We have seen this trend in other industries, and it has arrived in biopharmaceuticals and healthcare.

There is great opportunity for biopharmaceutical service providers, but the industry and world are uneven places. In the United States, the largest biopharmaceutical market, there is a generally strong foundation for biopharmaceutical innovation. However, the rest of the world is uneven. The east – places like Japan, Korea and China – are supporting innovation, but in unique ways. While there have been some successes, Europe, in general, has not advanced support for innovative therapies to the same degree. Many emerging economies still struggle with a tremendous burden of disease and limited resources to address it. While there are unparalleled advances taking place, a strong strategy and great execution are required for Quintiles to deliver returns for its stakeholders.
Our strategy: improving our customers’ probability of success

To simplify what we do, Quintiles designs, collects, analyzes and disseminates high-quality evidence to support the progression of clinical development and medical practices. Once therapies are approved, Quintiles provides market access to commercialize them and delivers real-world evidence about the risks and benefits of medical interventions. This helps ensure that new medical therapies are safe, effective, and appropriately adopted around the world. We are the leader in the biopharmaceutical service provider industry. Our strategy helps us win work and maintain a solid track record of revenue growth, earnings growth, and industry leadership. To create success for our stakeholders, our management team drives the following five imperatives throughout our business:

- Profitable growth at above market rates
- Investing in offerings and assets that leverage our scale and create value for our customers
- Leading with world-class customer relationship management
- Focus and metrics around quality, productivity, proactive delivery management
- Investing in our people for leadership development and a high performance workforce.

These imperatives help us drive growth while seeking to increase our margins. We must deliver with quality. Our people are the drivers of our long-term competitive advantages that make our customers successful, and ultimately benefit patients who are at the center of our ethos as a company.

As the leader in our industry, our obligation is greater than others—we need to help our customers, and for each customer: “Improve your probability of success.” We have more experience with epidemiology and real-world studies and registries than any other company. We have put more sales forces in the field than any of our competitors. We operate in approximately 100 countries, and we are a leader in technology within our field. We helped develop or commercialize all 100 of the top-selling drugs of 2013. With that set of experiences, we can and must connect insights with superior delivery for better customer outcomes.

Better outcomes
Connecting insights
Superior delivery

Improve your probability of success™
Given the market opportunity and our position, we seek profitable growth at above-market rates. Among Quintiles’ leading approaches to connecting insights for superior delivery in 2014, I’m particularly proud of the growing adoption of the Quintiles Infosario® technology platform, of our evolving models in Risk-Based Monitoring (RBM), and capabilities related to electronic health records (EHRs), all of which involve leveraging information in new ways to improve the design and execution of clinical trials and real-world evidence generation.

We have the deepest medical and therapeutic expertise among our competitors with 950 medical doctors, 1,000 PhDs or equivalent, almost 800 biostatisticians and statistical programmers, and thousands of employees who have been published.

A key imperative is leveraging the scale and innovation built during Quintiles’ 33-year history. We have the deepest medical and therapeutic expertise among our competitors, with 950 medical doctors, 1,000 PhDs or equivalent, almost 800 biostatisticians and statistical programmers, and thousands of employees who have been published. When you design, collect and analyze information for customers, quantitative and analytical expertise is paramount, and we have leading scientists, technologists, epidemiologists, and statisticians with these skills. Perhaps most importantly, we are the leader in technology and global processes, and our workforce, including our management, is the best in the industry.

We continue to strengthen the imperative to deliver world class customer relationship management (CRM). Given the changing trends in the biopharma landscape, we have evolved our CRM in a number of ways. We have found emerging biotech wants to use us – to have access to our deep and broad skills – but they worry they may be too small to receive the individual attention they need. To demonstrate that Quintiles can be a superior partner with them, we took a two-pronged approach with a tailored emerging biopharma offering introduced in the year and the successful acquisition of Novella, an oncology and medical device-focused CRO that centers its work on emerging biopharma. At the same time, for our larger customers, we have reorganized Quintiles’ business units into segments that better serve large and medium-sized players. The result of this was an increase in emerging biopharma customers in 2014 while deepening our relationships with all customers. We continue to enjoy relationships with all of the top-20 pharmaceutical firms, without being dependent on any one customer. No single Quintiles customer contributes 10% or more of our service revenues. During the year, we continued to sign sole provider relationships with mid-sized biopharma companies. In these relationships,
we get extensive management access and early engagement to ensure these customers leverage our full capabilities. In 2014, 11 customers contributed $100 million or more individually in new business.

We use an acronym in Quintiles regularly – the criticality of PDQ – Productivity, Delivery and Quality. I described above a notion of “Superior Delivery” – including proactive delivery management. This is what we believe will keep Quintiles as the industry leader and gives us the license to innovate with our customers. Superior Delivery means putting ourselves in the shoes of the customer – understanding the outcomes they desire – and their need to be competitive. We must develop innovative plans and approaches that can be delivered, and then exceed expectations. For most of our customers, speed is essential – being first or early to market is critical both to establish leadership and to maximize the revenue opportunity afforded by intellectual property rights. In fact, during 2014, we undertook a major effort to redesign our clinical trial services which should result in better customer and investigator experiences and improvements in productivity at the same time. Continually improving productivity is crucial as many products have niche or smaller markets, and payers increasingly challenge the cost of treatments. Greater productivity in our work can be shared with customers, improving both bottom lines.

In addition to PDQ in our work for customers, we continuously drive internal efforts to improve our Selling, General & Administrative (SG&A) costs. In some of our businesses, our operating model allows us to deliver work in countries where there has been both attractive cost structures and recently, foreign exchange benefit. The result of our efforts and our operating model was adjusted income from operations margin improvement of 120 basis points in 2014.

The final item on our strategic agenda is Top Leadership and People Development. We are the leaders with the best team in the business. We made strides in this area during 2014, moving a number of top leaders to new positions and introducing better career development and progression paths within our organization. During 2015, we are beginning a new leadership development program that leverages learnings from top companies around the world.

**Summing it up**

Quintiles began its journey more than 30 years ago as an innovator in biostatistics serving pharmaceutical companies in their efforts to advance analysis of clinical trial results. Twenty years ago, we focused on building scale by entering Europe, Asia, and Japan. Ten years ago, we focused on expanding our therapeutic expertise and building technology to leverage our deep skills and provide clinical development insights. Our ability to continue innovating will create opportunities as the world’s biopharma companies, healthcare providers, governments, and regulators transition to evidence-based therapeutic innovation and healthcare delivery.

Quintiles’ ability to innovate and deploy advances has made us a recognized leader in global drug development. In July, Quintiles was the only biopharmaceutical service provider asked to testify before the US Congress as part of the House Energy & Commerce Committee’s 21st Century Cures Initiative, established to shape legislation aimed at driving faster discovery and development of breakthrough therapies and cures. Another significant recognition in 2014 was Quintiles’ inclusion in the FORTUNE 500. In December, Quintiles was named Best Contract Research Organization (CRO) at the SCRIP Awards, our fourth award in
the category in the past five years. A SCRIP representative noted, “Despite plenty of competition, Quintiles remains the CRO to beat.” Also in December, we were named Asia-Pacific CRO of the Year by Frost & Sullivan for the sixth time in eight years. In the BioPharma Asia Industry Awards, Quintiles was named Best CRO in Asia.

Perhaps most importantly at Quintiles, we remain mindful of a higher purpose, our vision: “Bringing people and knowledge together for a healthier world.” That vision is evidenced in the story of Tess, a Quintiles employee who experienced the pain of disease and the wonder of drug development. Here is an excerpt of her journey…

Tess is a Strategic Account Leader with 20 years of experience in drug development. For decades, she had experienced an increasing array of debilitating symptoms – fatigue, bone pain, stomach tenderness. After years of visiting doctors, it was confirmed that she had the hepatitis C virus, most likely the result of a blood transfusion as an infant. As an industry practitioner herself, Tess enrolled in a clinical trial where, as a result of randomized selection, she received a combination of drugs being tested for treatment of hepatitis C. She hoped her viral load, measured at 10.6 million when the study began, might be reduced by half. Two short weeks later, her viral load was zero: non-detectable. In July 2014, Tess was officially declared “Hep-Cured.” Coincidentally, Quintiles was managing her clinical trial, which was a huge success for our customer and life changing for patients.

This is what we do here at your company; we work with our biopharma and provider customers to identify and deliver cures for the global population.

By the numbers

I was very pleased with our financial performance in 2014. We had constant currency, double-digit growth in 2014 service revenue. Another impressive metric was the growth of our backlog to $11 billion at the end of the year.

Quintiles’ 2014 performance demonstrates strength across both our Product Development and Integrated Healthcare Services segments.

In Product Development, our segment that helps biopharmaceutical firms of all sizes with clinical development, we had 16% growth in net new business and ended the year with a book-to-bill ratio of 1.41. This is above our historical averages, and includes two multi-year renewals. Our service revenue growth in this segment, on a constant currency basis, was 6.3%. This segment had a difficult comparable given the wind down in the prior year of the largest trial Quintiles had ever managed, which created an approximately 440 basis point challenge throughout the year. Constant currency income from operations increased 9.9%.

Overall, we are pleased with the performance of the Product Development segment, and we know that in addition to winning new business, we need to convert it to revenue. As trials become more complex, we are seeing the duration of our backlog extend slightly. At the same time, our programs for productivity and margin expansion continue to work, resulting in 150 basis points of adjusted operating margin improvement in 2014. For the year, Product Development represented 74.4% of consolidated service revenues and 90.9% of segment income from operations.

In our Integrated Healthcare Services segment, we serve biopharmaceutical and healthcare customers that are focused on real-world evidence, commercialization and care pathways of approved treatments. We had solid net new business growth of 9% with a book-to-bill of 1.15, which exceeded our historical norms. This segment returned to growth in 2014,
posting a service revenue increase of 22.5% at constant currency, while adjusted income from operations grew 65.1% at constant currency. We have been transforming this segment toward higher-value services as Integrated Healthcare Services represents 25.6% of Quintiles’ 2014 service revenues. We saw an increase of 300 basis points greater contribution from Integrated Healthcare Services compared with 2013.

On an enterprise level, we had over $5.6 billion of net new business, with a book-to-bill of 1.34. Our overall service revenues in 2014 were $4.2 billion, representing constant currency growth of 10.1%. We are increasingly collaborating across our segments to bring value to our customers.

As we conduct business in approximately 100 countries, Quintiles has the industry’s broadest and deepest reach. Based on our public competitors’ 2014 reported service revenues, we believe we are the market leader in the United States, Japan, and Europe, the three largest biopharmaceutical markets in the world. Our North American and Latin American regions represent 43%; the Europe, Middle East, and Africa regions represent 36%; and the Asia Pacific region represents 21% of our total consolidated service revenues.

EPS growth in 2014 was strong for Quintiles with diluted adjusted earnings per share of $2.70, an increase of 31.1% over 2013, primarily driven by our increased service revenues, improved operating margins in both segments, and reduced interest expense.

We generated free cash flow of $349 million, a 14.5% increase compared with 2013, allowing us to invest both organically and inorganically. In 2014, we continued to drive internal efforts around our SG&A by leveraging our global delivery network. For the full year, we reduced our adjusted SG&A as a percentage of service revenues 70 basis points to 21.2% for 2014 from 21.9% in 2013. As we look forward, we will continue to focus on leveraging our SG&A infrastructure as a percentage of revenue.

During 2014, we deployed our capital strategically. We acquired Encore Health Resources using approximately $91.5 million in cash. We also repurchased $415 million of our shares funded with cash ($265 million) and additional low-cost debt.

**Closing**

2014 was a strong year for Quintiles in terms of industry impact, customer success, and financial returns. The execution of our strategy in 2014 resulted in double-digit (constant currency) service revenue growth and diluted adjusted EPS growth of 31%. Throughout 2014, we further strengthened our already deep relationships with customers, supporting even greater engagement in the future. Our strategy and execution were successful last year, creating momentum for the future. I am extremely proud of the job our employees around the world do for customers, patients, and shareholders every day. Quintiles is an excellent organization that I believe has only scratched the surface of what is possible when we connect insights and knowledge with superior delivery for better outcomes for our customers and patients.

**Tom Pike**

Chief Executive Officer
Board of Directors

Dennis Gillings
CBE, Ph.D. Executive Chairman and Director

Thomas H. Pike
Chief Executive Officer, Quintiles and Director

Fred E. Cohen
M.D., D.Phil., F.A.C.P. Partner, TPG

John P. Connaughton
Managing Director, Bain Capital

Jonathan J. Coslet
Senior Partner and Chief Investment Officer, TPG

Michael J. Evanisko
Chair of Compensation and Talent Development Committee Chairman, PARx Solutions, Inc.

Mireille Gillings, Ph.D.
Chief Executive Officer, President, Director, HUYA

Christopher R. Gordon
Managing Director, Bain Capital

Jack M. Greenberg
Chair of Audit Committee
Chairman, The Western Union Company

John M. Leonard, M.D.
Chief Medical Officer, Intellia Therapeutics

Richard Relyea
3i North American Private Equity

Leonard D. Schaeffer
Chair of Governance, Quality and Nominating Committee, Senior Advisor, TPG

Corporate Governance
1. Audit Committee; 2. Compensation and Talent Development Committee; 3. Governance, Quality and Nominating Committee; 4. Independent Director

Executive Officers

Dennis Gillings
CBE, Ph.D. Executive Chairman and Director

Thomas H. Pike
Chief Executive Officer and Director

Kevin K. Gordon
Executive Vice President and Chief Financial Officer

James H. Erlinger III
Executive Vice President, General Counsel and Secretary
## Non-GAAP reconciliations

(In $ thousands)

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<td>22,116</td>
<td>18,741</td>
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<td>Impairment Charges</td>
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<td>12,295</td>
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<tr>
<td>Incremental Share-based Compensation Expense</td>
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<td>2,553</td>
<td>13,637</td>
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<tr>
<td>Bonus Paid to Certain Holders of Stock Options</td>
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<td>Net Income Attributable to Quintiles Transnational Holdings Inc.</td>
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<td>Net Income (Loss) Attributable to Non-controlling Interests</td>
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<td>Loss on Extinguishment of Debt</td>
<td>–</td>
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<td>Adjustment to Estimated Contingent Consideration</td>
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<tr>
<td>Gain on Sale of Business Assets</td>
<td>(74,880)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Deconsolidation of PharmaBio</td>
<td>(28,979)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tax Effect of Non-GAAP Adjustments</td>
<td>(752)</td>
<td>(21,063)</td>
<td>(18,885)</td>
<td>(22,304)</td>
<td>(3,114)</td>
</tr>
<tr>
<td>Other Income Tax Adjustments</td>
<td>–</td>
<td>(66,000)</td>
<td>–</td>
<td>3,057</td>
<td>–</td>
</tr>
<tr>
<td><strong>Adjusted Net Income</strong></td>
<td>$161,796</td>
<td>$191,005</td>
<td>$204,009</td>
<td>$264,030</td>
<td>$353,418</td>
</tr>
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<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tbody>
<tr>
<td><strong>Diluted Adjusted Earnings Per Share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted Weighted Average Common Shares</td>
<td>118,000</td>
<td>117,936</td>
<td>117,796</td>
<td>127,862</td>
<td>131,083</td>
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<tr>
<td><strong>Diluted Adjusted Earnings Per Share</strong></td>
<td>$1.37</td>
<td>$1.62</td>
<td>$1.73</td>
<td>$2.06</td>
<td>$2.70</td>
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</tbody>
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Corporate Information
Quintiles Transnational Holdings Inc.
4820 Emperor Boulevard
Durham, NC  27703
Telephone:  +1 919 998 2000

Securities Information
The Company's stock is traded on the New York Stock Exchange under the ticker symbol Q.

SEC Form 10-K Available to Shareholders
A copy of the Company's Form 10-K and other Company filings may be obtained on the U.S. Securities and Exchange Commission (SEC) website at www.SEC.gov.

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Raleigh, North Carolina

Legal Counsel
Smith, Anderson, Blount, Dorsett, Mitchell & Jemigan, LLP
Raleigh, North Carolina

Forward-Looking Statements
This report contains certain “forward-looking statements” concerning projected future financial performance and expected plans for future operations to assist investors in gaining a better understanding of the Company. For a discussion of factors which could cause results to differ materially from such statements, please refer to the section entitled “Risk Factors” in Quintiles' 2014 Form 10-K.