



Intensive Focus on Health Care Member Needs

Optimizing Efficiency and Positioning for Future Growth

January 4, 2017

The best practices are the ones that work for **you.**SM



research



technology



consulting

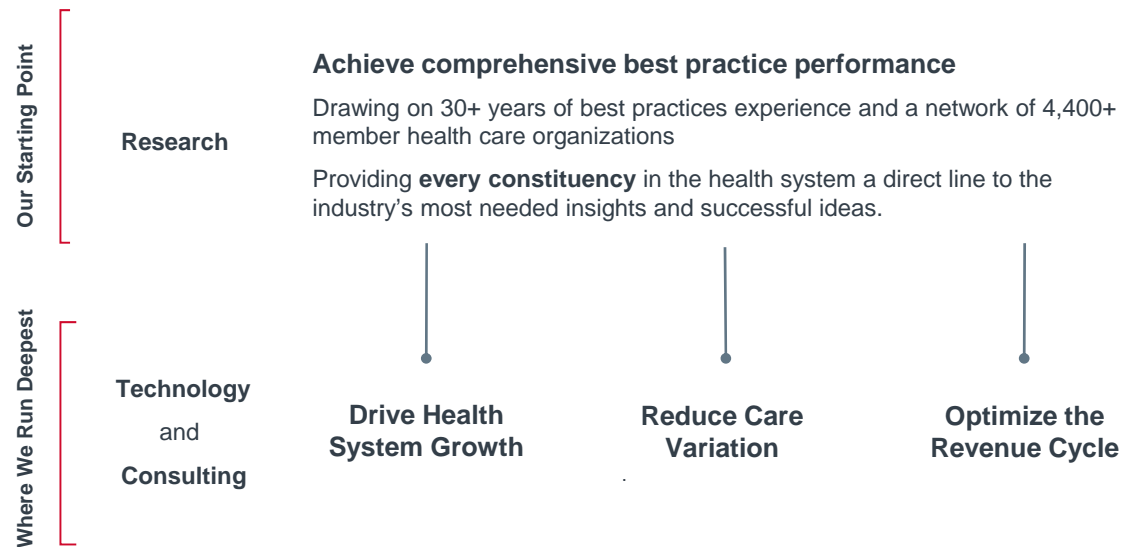
Forward-Looking Statements and Non-GAAP Presentation

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This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be affected by many factors, including, among others, those described in the Company's news release dated January 3, 2017 and under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's most recent filings on Form 10-K or 10-Q with the Securities and Exchange Commission. Consequently, actual operations and results may differ materially from those expressed or implied in any forward-looking statements made by us. All forward-looking statements are qualified by those factors and the other information disclosed in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

This presentation contains information regarding non-GAAP revenue, adjusted EBITDA and non-GAAP adjusted EBITDA margin, which are financial measures of performance that are not calculated in accordance with generally accepted accounting principles, or "GAAP."

Aligning Healthcare Strategy to Market Need



Focus Areas Provide Significant Opportunity

Rigorous Internal Review Process to:

- ✓ Assess Market Opportunity
- ✓ Define Member-Validated Approach
- ✓ Evaluate Existing Capabilities
- ✓ Develop Near-Term Roadmaps

Health System GROWTH



We drive acquisition and retention of the patients and care needs that you aspire to serve.

CARE VARIATION Reduction



We improve care quality and reduce cost by eliminating unwarranted care variation.

REVENUE CYCLE Management



We ensure financial viability by improving the efficiency and effectiveness of revenue management.

Program Examples

Planning 20/20
Network Development
Service Line Development
Patient Access & Experience

Clinical Alignment Services
EHR Optimization Services
Clinical Decision Support
Crimson Clinical Advantage

Payment Integrity & Navigation
Revenue Capture
Denials Management
Process Improvement Services

Market Size

\$3+B

\$3.5+B

\$4+B

Restructuring Plan within Healthcare Business



Program Portfolio Rationalization

- Evaluated each program based on alignment with strategy, current market demand, and financial characteristics
- To-be-exited programs include care management workflow, nursing workforce and infection control analytics, and two niche consulting practices
- Wind down designated programs over 12 months to ensure a smooth member transition



Improved Operational Efficiency

- Reduce workforce by ~220 employees (~5.7% of total)
- Close 4 office locations
- Impacted employees notified ASAP to minimize disruption

Restructuring Charges and Financial Impact

In CY-17:

- Expect to incur restructuring-related charges of \$45-55M
- \$20-25M in cash charges:
 - \$7-9M in severance and related expense
 - \$10-15M in other restructuring-related expenses
- \$25-30M in non-cash charges:
 - \$10M in write downs of capitalized software and intangible assets from discontinued programs
 - \$15-20M in lease termination charges
- Workforce reduction and office closures expected to result in \$25+M in reduced annualized operating expenses once plan is fully implemented by year-end 2017

CY-16 Financial Update

CY-16 Results

Combination of initial restructuring efforts and challenging market environment impacted Q4 and FY-16 revenue

- Revenue expected to be \$805-807M vs. previous guidance of \$817-819M
- Adjusted EBITDA expected to be \$187-188M, roughly within original 2016 guidance
- Revenue decline due to Health Care business, expected to be down ~3% from CY-15
- Education business (EAB/Royall) continues to deliver strong revenue growth

Effect of to-be-exited Programs

Restructuring actions do not meet threshold for traditional discontinued operations

- Separate disclosure of “continuing operations” along with GAAP financial reports for clear view of ongoing business and financial performance

To-be-exited programs comprised ~\$18M of 2016 revenue, and ~\$14.5M of 2016 expense

- 2016 non-GAAP revenue would be \$787-789M, excluding to-be-exited programs
- 2016 adjusted EBITDA would be \$183.5-\$184.5M, excluding to-be-exited programs

Initial View of CY-17

Preliminary CY-17 Guidance

- Non-GAAP total revenue guidance of \$780-840M (including impact of restructuring and excluding to-be-exited programs); growth of -1% to +6% year-over-year
- Adjusted EBITDA guidance \$190-215M (excluding restructuring charges and to-be-exited programs); Y-Y growth of 3% to 17%
- Exclude revenue and expense from to-be-exited programs for next 12 months
 - Non-GAAP revenue and adjusted EBITDA margin expectations for 2017 include the \$25+M in reduced annualized operating expense assumptions
 - Expect adjusted EBITDA margin to improve by 100-200 basis points year-over-year in 2017 due to scalable model, positive mix shift, and elimination of lowest-margin activity, in combination with workforce reduction and office closures

Confidence in Our Path Forward

1 Unique Position in Our Markets

2 Powerful Economic Model

3 Bold Steps to Intensify Health Care Focus

4 Multiple Avenues of Growth

Trusted Partner with Strong Market Reputation

Large, Important Client Bases in Health Care and Education



Unparalleled Health Care Member Base

Firmly established leader in health care for over 30 years

4,400+
global members

94%
renewal rate

8,800+
CEO/COO
relationships

100%
U.S. News & World Report
honor roll hospitals

Strong Foundation in Education

Displaying resolute top-line growth and expanding margins

1,000+
members

94%
renewal rate

2,100+
executive
relationships

87%
U.S. News & World Report
top 100 universities



Insight-Driven Advisor to our Members

Leveraging a Distinct, Best-Practice Approach Yields Member ROI

Start with best practices

Through the breadth of our network and the depth of our expertise, we find and forge best practices that:

- Solve pervasive industry and member challenges
- Are proven to work
- Create real and tangible value

Then hardwire those insights into member organizations through three key areas



RESEARCH

Communicate and teach best practices across our broad network through multiple channels



TECHNOLOGY & DATA-ENABLED SERVICES

Provide cloud-based software capabilities to help our members benchmark performance and implement identified best practices



Apply our extensive data assets, technology platforms, and proven processes to directly produce results for our members



CONSULTING

Deploy our experts to work side-by-side with members implementing best practice solutions and driving change in their organizations

\$2.0+B ROI

Documented by health care members in 2016

A Compelling Investment Opportunity



Unique Position in Our Markets

- Insight-driven best practices research, technology, and consulting
- C-suite partnerships in two high-demand target markets



Powerful Economic Model

- High member ROI
- 85% recurring revenue (research/tech subscriptions w/ 90+% renewal rates)
- Scalable solutions/programs drive margin expansion
- Balanced capital allocation: share repurchase; debt reduction; growth



Bold Steps to Intensify Health Care Focus

- Program portfolio rationalization
- Enhanced cost management



Tremendous Opportunities for Growth

- Execute on compelling cross-selling opportunities
- Enhance solution platform as industries transform
- Identify and execute on select, strategic M&A