

Morgan Stanley & Co. LLC

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Stock Rating
Overweight

Industry View
In-Line

May 1, 2014

Quintiles Transnational Holdings Inc

Book it; Another Beat & Raise

Strong quarter across both segments and robust book-to-bill and backlog point to share gains and further solidify our view of Q's market leadership position. While pharma consolidation is a risk, we view Q as best positioned among its peers. See our updated model on pages 3-5.

A \$0.09 beat and a raise. EPS of \$0.68 (incl. \$0.04 in one-time benefits) ahead of cons/MS at \$0.55/\$0.56; 2014 guidance raised with both top-line and EPS fully above consensus. Sources of variance vs. MS estimates included: gross margins (+\$0.09), equity affiliate earnings (+0.02), and other income (+\$0.02), offset by net interest expense (-\$0.01). We have updated our model to account for the quarter and updated guidance, and we now model '14/'15 revenues of \$4.16B/\$4.46B, and EPS of \$2.55/\$2.83, up from \$2.45/\$2.75 and pre-CC consensus of \$2.42/\$2.74.

Bookings and Backlog strength. Book-to-bill ratio of 1.27 (PD at 1.20 and IHS at 1.15), above historical average (1.23) and ahead of competitor CVD that reported after market close a 1.15 book-to-bill ratio. PD continues to see strength in Phase II-IV and more opportunities in Phase I; IHS book-to-bill above historical average and seasonally lower 1Q ratio. Backlog stands at \$10.1B, up 13% y/y and 2% seq.

Pharma consolidation is clearly a risk but historical context shows Q fared the storm better than peers; strong biotech funding provides support compared to past. During the 2008-11 period Q grew revenues at a 4.6% CAGR, while consistently maintaining a book-to-bill ratio of >1.2x. EBITDA growth exceeded top-line growth as margins improved.

Key Ratios and Statistics

Reuters: Q.N Bloomberg: Q US

Healthcare Services & Distribution / United States of America

Shr price, close (May 1, 2014)	\$48.76
Mkt cap, curr (mm)	\$6,495
52-Week Range	\$55.00-40.17

Morgan Stanley's HC Supply Chain Conference Change and Innovation

Monday, May 5, 2014

10:30 am Registration, 11:00 am Start
1585 Broadway, New York, NY

*Please contact your Morgan Stanley sales representative
for more details*

Exhibit 1

CRO Industry Strategic Partnerships

CVD	PRXL	ICLR	Q	PPD	PRA
Lilly	Lilly	Pfizer	Biogen	Merck	UCB
BMV	Pfizer	Lilly	Takeda	GSK	
Sanofi	GSK	BMV	BMV	Elan	
Takeda	BMV	Shire	Merck Serono		
Otsuka	UCB				
Merck	Merck				
Bayer					

Source: Company Data, Morgan Stanley Research

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Exhibit 2

Q 1Q14 Variance Table

Earnings Snapshot							
(\$ millions, except EPS)	1Q14 Actual	1Q14 Estimate	Variance % chg	1Q13 Actual	Y/Y % chg	4Q13 Actual	Q/Q % chg
Product Development Revenue	\$770.8	\$780.5	-1.2%	\$706.3	9.1%	\$775.0	-0.5%
Integrated Healthcare Services Revenue	\$234.5	\$227.8	2.9%	\$221.1	6.0%	\$228.9	2.4%
Total Service Revenues	\$1,005.3	\$1,008.2	-0.3%	\$927.4	8.4%	\$1,003.9	0.1%
Cost of revenue	\$643.7	\$660.4	-2.5%	\$611.1	5.3%	\$642.0	0.3%
Gross Profit (GAAP)	\$361.6	\$347.9	3.9%	\$316.3	14.3%	\$362.0	-0.1%
Selling, general, and administrative	\$219.2	\$218.9	0.2%	\$199.3	10.0%	\$232.8	-5.8%
Restructuring costs	\$1.0	\$3.3	-69.0%	\$1.9	-45.8%	\$2.2	-53.6%
Operating Income (GAAP)	\$141.3	\$125.7	12.4%	\$115.2	22.7%	\$127.0	11.3%
Adjusted Operating Income	\$142.3	\$129.0	10.3%	\$118.4	20.2%	\$129.2	10.2%
(+) D&A	\$29.1	\$27.3	6.5%	\$24.6	18.1%	\$30.6	-4.8%
Adjusted EBITDA	\$171.4	\$156.3	9.7%	\$143.0	19.9%	\$159.7	7.3%
Interest income	(\$1.3)	(\$1.0)	29.0%	(\$0.5)	177.7%	(\$1.6)	-20.6%
Interest expense	\$24.7	\$23.9	3.5%	\$36.0	-31.5%	\$26.8	-7.9%
Loss on extinguishment of debt	\$0.0	\$0.0	NM	\$0.0	NM	\$3.3	NM
Other (income) expense, net	(\$4.8)	\$0.0	NM	(\$2.4)	103.4%	(\$1.6)	209.9%
Pre-tax income (GAAP)	\$122.7	\$102.8	19.3%	\$82.0	49.7%	\$100.0	22.7%
Income tax expense	\$37.4	\$30.9	21.2%	\$32.1	16.4%	\$27.6	35.7%
Income before equity in earnings of affiliates	\$85.3	\$72.0	18.5%	\$49.8	71.2%	\$72.5	17.7%
Equity in earnings of affiliates	\$4.9	\$0.3	1856.4%	(\$1.7)	-390.6%	\$0.5	986.9%
Net income - GAAP (before NCI)	\$90.2	\$72.2	24.9%	\$48.2	87.3%	\$72.9	23.7%
Net loss (income) attributable to NCI	(\$0.0)	\$0.3	-111.3%	\$0.2	-120.3%	\$0.1	-150.0%
Net income - GAAP (attributable to Q)	\$90.2	\$72.5	24.4%	\$48.3	86.7%	\$73.0	23.5%
Net income - non-GAAP (attributable to Q)	\$90.9	\$75.3	20.7%	\$57.6	57.8%	\$76.5	18.9%
EPS (GAAP)	\$0.68	\$0.54	25.1%	\$0.41	66.6%	\$0.58	17.8%
Adjusted EPS	\$0.68	\$0.56	21.4%	\$0.49	40.9%	\$0.55	24.4%
Diluted shares outstanding	133.0	133.9	-0.6%	118.7	12.0%	132.9	0.1%
Tax rate (GAAP)	30.5%	30.0%	47 bps	39.2%	-872 bps	27.5%	292 bps
Margins							
Gross Profit	36.0%	34.5%	146 bps	34.1%	186 bps	36.1%	-9 bps
SG&A	21.8%	21.7%	10 bps	21.5%	32 bps	23.2%	-138 bps
Adjusted Operating Income	14.2%	12.8%	136 bps	12.8%	140 bps	12.9%	129 bps
Adjusted EBITDA	17.1%	15.5%	155 bps	15.4%	163 bps	15.9%	114 bps

Source: Company Data, Morgan Stanley Research

May 1, 2014

Quintiles

Exhibit 3

Q Income Statement, 2010A-2016E

INCOME STATEMENT (In millions, except per share)	2010A	2011A	2012A	Fiscal Year End, Dec 31 2013				2013A	Fiscal Year End, Dec 31 2014				2014E	2015E	2016E
				1QA	2QA	3QA	4QA		1QA	2QE	3QE	4QE			
Product Development Revenue	2,221.9	2,437.8	2,728.7	706.3	724.2	714.2	775.0	2,919.7	770.8	800.2	789.2	837.0	3,197.3	3,453.1	3,729.3
Integrated Healthcare Services Revenue	774.8	857.1	963.6	221.1	220.1	218.5	228.9	888.6	234.5	242.1	240.3	242.7	959.5	1,007.5	1,057.9
Service Revenues	3,061.0	3,295.0	3,692.3	927.4	944.2	932.7	1,003.9	3,808.3	1,005.3	1,042.3	1,029.6	1,079.7	4,156.8	4,460.6	4,787.2
COGS	1,925.0	2,153.0	2,459.4	611.1	617.7	600.7	642.0	2,471.4	643.7	681.6	670.8	689.6	2,685.7	2,868.6	3,064.6
Gross profit	1,119.2	1,142.0	1,232.9	316.3	326.6	332.0	362.0	1,336.9	361.6	360.7	358.8	390.1	1,471.1	1,592.0	1,722.6
Selling, general and administrative expenses	698.4	762.3	817.8	199.3	228.8	199.6	232.8	860.5	219.2	223.7	218.1	245.2	906.2	969.4	1,037.2
Income from operations before restructuring and impairment charges	420.8	379.7	415.2	117.0	97.7	132.5	129.2	476.4	142.3	137.0	140.7	144.9	565.0	622.5	685.3
Restructuring costs	22.9	22.1	18.7	1.9	2.8	7.2	2.2	14.1	1.0	4.0	4.0	4.0	13.0	-	-
Impairment charges and other	2.8	12.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from operations	395.0	345.3	396.4	115.2	94.9	125.3	127.0	462.3	141.3	133.0	136.7	140.9	552.0	622.5	685.3
Interest expense, net	137.6	105.1	131.3	35.6	31.1	27.6	25.2	119.6	23.4	22.9	22.8	22.5	91.6	88.6	85.7
Loss on extinguishment of debt	-	46.4	1.3	-	16.5	-	3.3	19.8	-	-	-	-	-	-	-
Other (income) expense, net	15.6	9.1	(3.6)	(2.4)	0.5	3.2	(1.6)	(0.2)	(4.8)	-	-	-	(4.8)	-	-
Income before income taxes and equity in earnings of unconsolidated affiliates	241.7	184.7	267.4	82.0	46.7	94.4	100.0	323.1	122.7	110.1	113.9	118.4	465.2	534.0	599.6
Income tax expense	77.6	15.1	93.4	32.1	8.8	27.5	27.6	96.0	37.4	33.0	34.2	35.5	140.1	160.9	180.6
Income before equity in earnings of unconsolidated affiliates	164.1	169.6	174.1	49.8	37.9	66.9	72.5	227.2	85.3	77.1	79.7	82.9	325.0	373.1	419.0
Equity in earnings of unconsolidated affiliates	1.1	70.8	2.6	(1.7)	0.5	(0.4)	0.5	(1.1)	4.9	-	-	-	4.9	4.9	4.9
GAAP Net Income	165.3	240.3	176.6	48.2	38.4	66.6	72.9	226.0	90.2	77.1	79.7	82.9	329.9	378.0	423.9
Net loss (income) attributable to NCI	(4.7)	1.4	0.9	0.2	0.2	0.2	0.1	0.6	(0.0)	-	-	-	(0.0)	(0.0)	(0.0)
Net Income attributable to Quintiles (GAAP)	160.6	241.8	177.5	48.3	38.5	66.8	73.0	226.6	90.2	77.1	79.7	82.9	329.9	378.0	423.8
Non-GAAP Net Income	161.8	191.0	208.9	57.6	62.9	71.9	76.5	268.9	90.9	79.9	82.5	85.7	339.1	378.0	423.9
EPS (Non-GAAP)	\$1.37	\$1.62	\$1.77	\$0.49	\$0.50	\$0.54	\$0.58	\$2.10	\$0.68	\$0.60	\$0.62	\$0.64	\$2.55	\$2.83	\$3.15
EPS (GAAP)	\$1.36	\$2.05	\$1.51	\$0.41	\$0.30	\$0.50	\$0.55	\$1.77	\$0.68	\$0.58	\$0.60	\$0.62	\$2.48	\$2.83	\$3.15
Diluted wtd. avg. shares	118.0	117.9	117.8	118.7	126.6	133.3	132.9	127.9	133.0	133.2	133.2	133.2	133.2	133.7	134.7
		4.6%	6.4%												
Margins															
Gross profit	36.6%	34.7%	33.4%	34.1%	34.6%	35.6%	36.1%	35.1%	36.0%	34.6%	34.8%	36.1%	35.4%	35.7%	36.0%
Adj. EBIT	12.4%	12.1%	12.1%	12.8%	13.1%	14.2%	12.9%	13.2%	14.2%	13.1%	13.7%	13.4%	13.6%	14.0%	14.3%
Tax rate	32.1%	8.2%	34.9%	39.2%	18.9%	29.1%	27.5%	29.7%	30.5%	30.0%	30.0%	30.0%	30.1%	30.1%	30.1%
Y/Y Growth															
Revenues	1.7%	7.6%	12.1%	4.4%	-0.1%	2.1%	6.2%	3.1%	8.4%	10.4%	10.4%	7.5%	9.2%	7.3%	7.3%
Gross profit	0.3%	2.0%	8.0%	6.3%	3.1%	10.1%	14.1%	8.4%	14.3%	10.5%	8.1%	7.8%	10.0%	8.2%	8.2%
Adj. EBIT	-1.8%	5.3%	11.8%	11.3%	8.4%	20.4%	12.8%	13.2%	20.2%	10.4%	6.2%	12.2%	12.1%	10.2%	10.1%
Adj. EPS	-24.7%	18.1%	9.5%	9.5%	4.7%	20.8%	40.7%	18.6%	40.9%	20.6%	14.8%	11.8%	21.1%	11.0%	11.3%

Source: Company Data, Morgan Stanley Research

May 1, 2014

Quintiles

Exhibit 4

Q Balance Sheet, 2010A-2016E

BALANCE SHEET (In millions, except per share)	2010A	2011A	2012A	Fiscal Year End, Dec 31 2013				2013A	Fiscal Year End, Dec 31 2014				2014E	2015E	2016E
				1QA	2QA	3QA	4QA		1QA	2QE	3QE	4QE			
Current Assets:															
Cash and cash equivalents		516.3	567.7	454.3	585.7	609.7	778.1	778.1	741.4	841.7	1,029.8	1,189.8	1,189.8	1,592.4	2,033.6
Restricted cash		3.0	2.8	3.9	2.3	3.3	2.7	2.7	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Trade accounts receivable and unbilled services, net	-	691.0	745.4	779.3	867.2	895.3	924.2	924.2	948.5	957.3	988.3	993.9	993.9	1,066.7	1,145.0
Deferred income taxes		46.7	69.0	67.2	65.4	69.6	92.1	92.1	92.9	92.9	92.9	92.9	92.9	92.9	92.9
Prepaid expenses		31.3	33.4	41.3	48.6	42.1	42.8	42.8	52.9	39.6	28.8	47.4	47.4	65.6	85.1
Income taxes receivable		25.5	17.6	20.7	26.5	16.4	16.2	16.2	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Other current assets and receivables		51.7	74.1	72.8	78.1	80.8	89.5	89.5	92.4	92.4	92.4	92.4	92.4	92.4	92.4
Total current assets		1,365.5	1,510.0	1,439.5	1,673.9	1,717.2	1,945.7	1,945.7	1,947.8	2,043.6	2,251.9	2,436.2	2,436.2	2,929.8	3,468.9
Property and equipment, net	ND	185.8	194.0	190.2	196.7	197.4	199.6	199.6	195.9	192.8	189.6	187.9	187.9	184.8	189.8
Intangibles and other assets:															
Investments in debt, equity, and other securities		22.1	36.0	35.9	35.9	38.1	40.3	40.3	37.6	37.6	37.6	37.6	37.6	37.6	37.6
Investments in and advances to unconsolidated affiliates		11.8	19.1	21.6	22.2	23.3	22.9	22.9	29.1	29.1	29.1	29.1	29.1	34.0	38.9
Goodwill		278.0	302.4	297.6	295.3	412.5	409.6	409.6	409.5	409.5	409.5	409.5	409.5	409.5	409.5
Other identifiable intangibles, net		269.4	272.8	274.0	271.7	310.2	298.1	298.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1
Deferred income taxes		78.2	37.3	32.4	41.1	32.4	32.9	32.9	33.4	33.4	33.4	33.4	33.4	33.4	33.4
Deposits and other assets		112.1	127.5	135.5	111.3	110.9	117.7	117.7	119.5	119.5	119.5	119.5	119.5	119.5	119.5
Total Assets		2,322.9	2,499.2	2,426.7	2,648.2	2,842.0	3,066.8	3,066.8	3,061.9	3,154.7	3,359.8	3,542.3	3,542.3	4,037.7	4,586.7
Current Liabilities:															
Accounts payable and accrued expenses		686.9	751.8	671.4	708.6	758.6	861.8	861.8	768.9	781.9	847.2	925.8	925.8	988.8	1,056.5
Unearned income		398.5	456.6	454.1	459.6	511.0	538.6	538.6	511.4	507.3	564.1	579.2	579.2	621.6	667.3
Income taxes payable		47.0	9.6	17.1	27.6	25.9	35.8	35.8	46.7	46.7	46.7	46.7	46.7	46.7	46.7
CP of LTD and obligations held under capital leases		20.1	55.7	34.7	0.1	4.1	10.4	10.4	15.6	15.6	15.6	15.6	15.6	15.6	15.6
Other current liabilities		39.6	44.2	44.6	42.8	34.8	35.6	35.6	33.9	35.6	33.9	35.6	35.6	35.6	35.6
Total current liabilities		1,192.1	1,318.0	1,222.0	1,238.7	1,334.4	1,482.2	1,482.2	1,376.5	1,387.1	1,507.4	1,602.9	1,602.9	1,708.4	1,821.7
Long-term liabilities:															
Long-term debt and obligations held under capital leases, less current portion		1,951.7	2,366.3	2,354.8	2,045.1	2,042.0	2,035.6	2,035.6	2,031.2	2,030.1	2,029.0	2,027.8	2,027.8	2,012.9	1,998.1
Deferred income taxes		9.9	11.6	16.0	8.4	16.6	37.5	37.5	35.6	35.6	35.6	35.6	35.6	35.6	35.6
Other liabilities		138.8	162.3	156.2	153.8	161.0	178.9	178.9	178.1	178.1	178.1	178.1	178.1	178.1	178.1
Total liabilities		3,292.5	3,858.2	3,749.0	3,446.1	3,554.0	3,734.3	3,734.3	3,621.4	3,630.9	3,750.0	3,844.4	3,844.4	3,935.0	4,033.4
Shareholders' deficit:															
Common stock	NA	1.2	4.6	9.2	505.1	510.1	478.1	478.1	495.9	495.9	495.9	495.9	495.9	495.9	495.9
Accumulated deficit	ND	(994.4)	(1,371.8)	(1,323.5)	(1,284.9)	(1,218.2)	(1,145.2)	(1,145.2)	(1,055.0)	(971.7)	(885.7)	(797.6)	(797.6)	(392.8)	57.8
Accumulated other comprehensive income		22.9	7.7	(8.4)	(18.2)	(3.9)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Deficit attributable to Quintiles' shareholders		(970.4)	(1,359.5)	(1,322.6)	(798.1)	(712.0)	(667.4)	(667.4)	(559.5)	(476.2)	(390.2)	(302.1)	(302.1)	102.7	553.3
Equity attributable to NCI		0.8	0.5	0.3	0.2	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total shareholders' deficit		(969.6)	(1,359.0)	(1,322.3)	(797.9)	(712.0)	(667.5)	(667.5)	(559.5)	(476.2)	(390.3)	(302.1)	(302.1)	102.6	553.2
Total Liabilities + Equity		2,322.9	2,499.2	2,426.7	2,648.2	2,842.0	3,066.8	3,066.8	3,061.9	3,154.7	3,359.8	3,542.3	3,542.3	4,037.7	4,586.7

Source: Company Data, Morgan Stanley Research

May 1, 2014
Quintiles

Exhibit 5

Q Cash Flows, 2010A-2016E

CASH FLOW STATEMENT (In millions, except per share)	2010A	2011A	2012A	Fiscal Year End, Dec 31 2013				2013A	Fiscal Year End, Dec 31 2014				2014E	2015E	2016E
				1QA	2QA	3QA	4QA		1QA	2QE	3QE	4QE			
Net Income	165.3	240.3	176.6	48.2	38.4	66.6	72.9	226.03	90.2	77.1	79.7	82.9	329.9	378.0	423.9
Depreciation and Amortization	84.2	92.0	98.3	24.6	25.0	27.3	30.6	107.5	29.1	29.1	28.9	28.7	115.8	114.6	114.6
Amortization of debt issuance costs and discount	9.6	30.0	9.2	2.9	12.4	1.7	4.9	21.8	1.6	1.4	1.4	1.4	5.9	5.7	5.7
Share-based compensation	17.3	14.1	25.9	4.5	6.6	5.9	5.9	22.8	7.2	6.2	6.2	5.2	24.9	26.7	28.7
Gain on sale of business, property, and equipment, net	(0.7)	(1.1)	(0.5)	(0.3)	(0.3)	0.1	(0.6)	(1.2)	(0.2)	-	-	-	(0.2)	-	-
Impairment of long-lived assets	-	12.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss (Earnings) from unconsolidated affiliates	(1.1)	(70.8)	(2.5)	1.7	(0.4)	0.1	(0.5)	1.0	(4.9)	-	-	-	(4.9)	(4.9)	(4.9)
Gain/Loss on investments, net	0.6	0.2	0.1	-	-	-	-	-	(5.3)	-	-	-	(5.3)	-	-
Provision for (benefit from) deferred income taxes	(9.0)	(73.2)	16.6	11.2	(23.2)	(3.8)	(8.4)	(24.2)	(1.6)	-	-	-	(1.6)	-	-
Excess income tax benefits on stock option exercises	(0.3)	(0.0)	(0.5)	(0.2)	(0.2)	0.3	(16.1)	(16.2)	(5.8)	-	-	-	(5.8)	-	-
Change in operating assets and liabilities:	103.3	(82.7)	12.5	(114.0)	(31.5)	78.5	126.7	59.8	(138.8)	15.1	100.0	71.3	47.7	14.5	15.4
Change in accounts receivable, unbilled services and unearned income	-	(168.2)	(5.8)	(39.7)	(87.6)	52.7	(5.3)	(79.8)	(51.0)	(13.0)	25.7	9.5	(28.7)	(30.4)	(32.7)
Change in other operating assets and liabilities	-	85.5	18.2	(74.3)	56.1	25.8	132.0	139.6	(87.8)	28.1	74.3	61.8	76.4	44.9	48.1
Net cash provided by operating activities	378.2	161.0	335.7	(21.5)	26.8	176.5	215.5	397.4	(28.4)	129.0	216.4	189.6	506.5	534.7	583.5
Acquisition of property, equipment and software	(80.2)	(75.7)	(71.3)	(31.5)	(32.8)	(13.7)	(14.4)	(92.3)	(17.7)	(26.1)	(25.7)	(27.0)	(96.5)	(111.5)	(119.7)
Acquisition of businesses, net of cash acquired	-	(227.1)	(43.2)	-	-	(145.0)	-	(145.0)	(0.7)	-	-	-	(0.7)	-	-
Proceeds from disposition of property and equipment	2.6	3.0	2.7	0.7	0.4	0.3	0.7	2.0	0.4	-	-	-	0.4	-	-
Proceeds (Purchase) of equity securities	4.2	(15.8)	(13.1)	0.1	-	(0.1)	-	-	5.9	-	-	-	5.9	-	-
Investments in and advances to unconsolidated affiliates, net of payments received	(1.4)	(17.8)	(3.6)	(4.4)	(0.3)	(1.3)	(1.4)	(7.4)	(1.2)	-	-	-	(1.2)	-	-
(Payments made for) proceeds from sale of investment in unconsolidated affiliates	(0.2)	109.1	(0.6)	-	-	-	2.3	2.3	-	-	-	-	-	-	-
Proceeds (Purchase) of other investments	8.5	(5.0)	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-
Other	(74.9)	4.4	(2.9)	(1.1)	1.5	(0.9)	0.6	0.1	(0.7)	-	-	-	(0.7)	-	-
Net cash used in investing activities	(141.4)	(224.8)	(132.2)	(36.2)	(31.2)	(160.6)	(12.2)	(240.2)	(14.0)	(26.1)	(25.7)	(27.0)	(92.8)	(111.5)	(119.7)
Proceeds from issuance of debt	18.8	1,980.0	2,441.0	-	-	-	2,060.8	2,060.8	-	-	-	-	-	-	-
Payment of debt issuance costs	-	(18.4)	(9.7)	-	-	-	(2.6)	(2.6)	-	-	-	-	-	-	-
Repayment of debt	(90.1)	(1,712.7)	(1,995.5)	(34.3)	(350.5)	(1.0)	(2,058.8)	(2,444.6)	(0.3)	(2.6)	(2.6)	(2.6)	(8.1)	(20.6)	(20.6)
Principal payments on capital lease obligations	(7.2)	(7.2)	(5.4)	-	-	-	(3.8)	(3.8)	-	-	-	-	-	-	-
Issuance of common stock	0.1	1.1	3.5	0.1	489.8	(0.4)	0.0	489.6	5.9	-	-	-	5.9	-	-
Repurchase of common stock	(9.3)	(14.3)	(13.4)	-	-	-	(6.4)	(6.4)	-	-	-	-	-	-	-
Excess income tax benefits on stock option exercises	0.3	0.0	0.5	0.2	0.2	(0.3)	16.1	16.2	5.8	-	-	-	5.8	-	-
Dividends	(67.5)	(288.3)	(567.9)	-	-	-	-	-	-	-	-	-	-	-	-
Other	1.8	0.5	-	-	0.3	0.1	(38.5)	(38.1)	(8.4)	-	-	-	(8.4)	-	-
Net cash used in financing activities	(153.1)	(59.3)	(146.9)	(33.96)	139.74	(1.5)	(33.3)	71.0	3.0	(2.6)	(2.6)	(2.6)	(4.7)	(20.6)	(20.6)
Effect of foreign currency exchange	(2.8)	(7.1)	(5.2)	(21.8)	(3.9)	9.6	(1.5)	(17.7)	2.6	-	-	-	2.6	-	-
Restatement Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, beginning of period	565.8	646.6	516.3	567.7	454.3	585.7	609.7	567.7	778.1	741.4	841.7	1,029.8	778.1	1,189.8	1,592.4
Increase (decrease) in cash and cash equivalents	80.8	(130.3)	51.4	(113.4)	131.4	24.0	168.4	210.4	(36.8)	100.3	188.1	160.0	411.6	402.6	443.2
Cash, end of period	646.6	516.3	567.7	454.3	585.7	609.7	778.1	778.1	741.4	841.7	1,029.8	1,189.8	1,189.8	1,592.4	2,035.5

Source: Company Data, Morgan Stanley Research



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Global Stock Ratings Distribution

May 1, 2014

Quintiles

(as of April 30, 2014)

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Not-Rated/Hold	110	4%	22	2%	20%
Underweight/Sell	543	18%	109	12%	20%
Total	2,999		941		

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Stock Price, Price Target and Rating History (See Rating Definitions)

May 1, 2014

Quintiles



Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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Allscripts Healthcare Solutions Inc. (MDRX.O)	O (04/26/2013)	\$15.45
AmerisourceBergen Corp. (ABC.N)	E (04/13/2012)	\$64.87
CVS/Caremark Corp. (CVS.N)	O (11/04/2011)	\$73.09
Cardinal Health Inc (CAH.N)	O (01/07/2010)	\$65.12
Catamaran Corp (CTRX.O)	E (09/23/2013)	\$42.5
Cerner Corporation (CERN.O)	E (08/17/2012)	\$51.19
Charles River Laboratories International (CRL.N)	E (03/03/2010)	\$51.45
Covance Inc. (CVD.N)	E (09/15/2010)	\$88.03
Express Scripts, Inc. (ESRX.O)	O (01/07/2010)	\$66.17
Laboratory Corp. of America Holdings (LH.N)	U (03/19/2010)	\$99.12
McKesson Corporation (MCK.N)	O (10/25/2013)	\$168.2
Quality Systems Inc (QSII.O)	U (04/23/2014)	\$15.03
Quest Diagnostics Inc. (DGX.N)	U (07/09/2013)	\$55.97
Quintiles Transnational Holdings Inc (Q.N)	O (06/18/2013)	\$48.76
athenahealth Inc (ATHN.O)	O (04/23/2014)	\$125.52

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.