Premier, Inc.
Form 424B4
September 27, 2013

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Filed Pursuant to Rule 424(b)(4)
Registration Statement No. 333-190828

Prospectus

28,151,958 Shares

Premier, Inc.

CLASS A COMMON STOCK

This is Premier, Inc.'s initial public offering. We are selling 28,151,958 shares of our Class A common stock. We expect to use a substantial portion of the net proceeds of this offering to acquire common units of Premier Healthcare Alliance, L.P. from our member owners. The remainder of the net proceeds of this offering will be retained by subsidiaries of Premier, Inc. See "Use of Proceeds."

The initial public offering price per share of our Class A common stock is $27.00. Our Class A common stock has been approved for listing on the NASDAQ Global Select Market under the symbol "PINC." Immediately following this offering, the holders of shares of our Class A common stock will collectively own 100% of the economic interests in Premier, Inc., which will own approximately 20% of the economic interest (or approximately 22% if the underwriters exercise their overallotment option in full) in Premier Healthcare Alliance, L.P. (as described below). Immediately following this offering, the holders of shares of our Class A common stock will have approximately 20% of the voting power (or approximately 22% if the underwriters exercise their overallotment option in full) of Premier, Inc. and the holders of shares of our Class B common stock will have the remaining approximately 80% of the voting power (or approximately 78% if the underwriters exercise their overallotment option in full) of Premier, Inc.

Premier, Inc. is a holding company and its sole asset immediately following this offering will be all of the outstanding interests in Premier Services, LLC. Premier Services, LLC will act as the general partner of, and own approximately 20% of the common units (or approximately 22% if the underwriters exercise their overallotment option in full) in, Premier Healthcare Alliance, L.P. Premier, Inc.'s only business will be to act indirectly as the general partner of Premier Healthcare Alliance, L.P., and, as such, it will operate and control all of the business and affairs of Premier Healthcare Alliance, L.P. and its subsidiaries immediately following this offering, subject to certain limited partner approval rights described herein.

Investing in our Class A common stock involves a high degree of risk. See "Risk Factors" beginning on page 27.

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, and therefore will be subject to reduced reporting requirements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$ 27.00	$ 760,102,866
Underwriting discounts and commissions(1)	$ 1.62	$ 45,606,172
Proceeds to Premier, Inc., before expenses	$ 25.38	$ 714,496,694

(1) See "Underwriting" for a description of compensation payable in connection with this offering.

We have granted the underwriters the option to purchase up to an additional 4,222,793 shares of our Class A common stock for 30 days after the date of this prospectus at the initial public offering price, less the underwriting discounts and commissions, to cover overallotments, if any.

The underwriters expect to deliver the shares against payment in New York, New York on or about October 1, 2013.

J.P. Morgan **BofA Merrill Lynch** **Wells Fargo Securities**

Citigroup **Piper Jaffray** **Raymond James** **William Blair**

September 25, 2013

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Through and including October 20, 2013 (the 25th day after the commencement of our initial public offering), all dealers effecting transactions in these securities, whether or not participating in our initial public offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of Class A common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is accurate only as of its date, regardless of the time of delivery of this prospectus or of any sale of shares of our Class A common stock.

Unless otherwise expressly indicated or the context otherwise requires:

- references to "Premier, Inc." refer to Premier, Inc., a newly-formed Delaware corporation, but not its consolidated subsidiaries, after giving effect to the Reorganization (as defined in this prospectus) to be completed in connection with this offering;

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references to "Premier," "company," "we," "us" and "our" refer to Premier, Inc. and its consolidated subsidiaries, including Premier LP (as defined below) after giving effect to the Reorganization to be completed in connection with this offering;

references to "Premier LP" refer to Premier Purchasing Partners, L.P., a California limited partnership, which historically conducted the group purchasing portion of our supply chain services business, which will change its name to "Premier Healthcare Alliance, L.P." after giving effect to the Reorganization and which, together with all of its subsidiaries, will conduct all of our business after giving effect to the Reorganization to be completed in connection with this offering;

references to "Premier GP" refer to Premier Services, LLC, a Delaware limited liability company that is our wholly owned subsidiary that will become the general partner of Premier LP on the effective date of the LP Agreement (as defined below);

references to "PHSI" refer to Premier Healthcare Solutions, Inc., a Delaware corporation and our indirect subsidiary through which we have historically, prior to the Reorganization, conducted the performance services portion of our business under the name "Premier, Inc.," and which, together with all of its subsidiaries, including Premier LP and PSCI (as defined below), historically conducted all of our business;

references to "PSCI" refer to Premier Supply Chain Improvement, Inc., a Delaware corporation and our indirect subsidiary through which we have historically, prior to the Reorganization, conducted certain portions of our supply chain services business;

references to "Premier Trust" refer to the voting trust formed by the voting trust agreement entered into by our member owners (as defined below) in connection with the Reorganization and this offering, pursuant to which Wells Fargo Delaware Trust Company, N.A. will act on behalf of the member owners for purposes of voting their Class B common stock in Premier, Inc. as further described in this prospectus;

references to "LP Agreement" refer to the Amended and Restated Limited Partnership Agreement of Premier LP, which will become effective upon the completion of this offering;

references to "members" refer to our past, present and future customers;

references to "member owners" refer collectively to the members who have owned, or who currently own, limited partnership interests in Premier LP and/or common stock of PHSI, and, as the context relates to the completion of the Reorganization and this offering, will beneficially own shares of Premier, Inc. Class B common stock and Premier LP Class B common units immediately after giving effect to the Reorganization, provided, that, in the context of discussions of the GPO participation agreements throughout this prospectus, the term "member owner" also includes any related entity or affiliate of a member owner that is approved by Premier LP to be the signatory of such GPO participation agreement in lieu of the member owner;

references to "non-owner members" refer collectively to our members that have not owned, or do not currently own, as the context may require, limited partnership interests in Premier LP or common stock of PHSI, and, as the context relates to the completion of the Reorganization and this offering, will not beneficially own shares of Premier, Inc. Class B common stock or Premier LP Class B common units immediately after giving effect to the Reorganization;

references to "member facilities" refer to the acute and alternate site providers and other eligible non-healthcare organizations that are owned, leased or managed by, or affiliated with, each member;

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references to "U.S. hospitals" refer to all U.S. hospitals (other than federal government, nonfederal psychiatric and long-term care hospitals and hospital units of institutions such as prisons and colleges) of which there were approximately 5,000 hospitals with approximately 800,000 staffed beds according to the 2011 annual survey of the American Hospital Association's AHA Hospital Statistics, published in 2013;

references to "alternate sites" refer to primary/ambulatory care and post-acute care facilities and providers, as well as non-healthcare entities, including hospitality, recreation and education; and

references to the following clinical, financial and operational data from our data and analytics platform are calculated as follows: (i) U.S. hospital discharges are based on a comparison of 2012 discharge data from our QualityAdvisor software as a service, or SaaS, informatics application with 2011 hospital admission data from the American Hospital Association (published in 2013), (ii) U.S. hospital annual supplies expense data is based on a comparison of 2012 hospital supplies expense data from our SpendAdvisor and PharmacyAdvisor SaaS informatics applications with 2011 hospital expense data from the American Hospital Association (published in 2013), and is also based upon aggregate data reported by our members that hospital supplies expense represents approximately 18% of total expenditures, (iii) U.S. annual direct labor expense data is based on 2012 data from our OperationsAdvisor SaaS informatics application and (iv) real-time clinical transactions are based on daily data samples taken from our SafetyAdvisor SaaS informatics application.

Fiscal Year

Unless otherwise indicated, references to "fiscal year" refer to the fiscal year of Premier, which ends on June 30. Fiscal years 2013, 2012 and 2011 for Premier, Inc.'s predecessor company, PHSI, ended on June 30, 2013, 2012 and 2011, respectively. Fiscal year 2013 for Premier, Inc. ended on June 30, 2013.

Market Data and Industry Forecasts and Projections

We use market data and industry forecasts and projections throughout this prospectus, and in particular in the section entitled "Business." We have obtained the market data from certain publicly available sources of information, including publicly available industry publications. Forecasts are based on industry surveys and the preparer's expertise in the industry and there is no assurance that any of the forecasted amounts will be achieved. We believe the data others have compiled are reliable, but we have not independently verified the accuracy of this information. Any forecasts are based on data (including third-party data), models and experience of various professionals and are based on various assumptions, all of which are subject to change without notice. While we are not aware of any misstatements regarding the industry data presented herein, forecasts and projections involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors."

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PROSPECTUS SUMMARY

This summary highlights selected information for our company appearing elsewhere in this prospectus. The prospectus includes information regarding our business and detailed financial data, as well as information about the Class A common stock we are offering. This summary does not contain all of the information you should consider before investing in our Class A common stock. Unless otherwise expressly indicated or the context otherwise requires, the information in this prospectus assumes that the Reorganization is complete and the underwriters' overallotment option is not exercised. You should read this prospectus in its entirety, including "Risk Factors" and the financial statements and related notes appearing elsewhere in this prospectus, before deciding to purchase our Class A common stock.

Our Company

We are a national healthcare alliance, consisting of approximately 2,900 U.S. hospitals, 100,000 alternate sites and 400,000 physicians, that plays a critical role in the U.S. healthcare industry. We unite hospitals, health systems, physicians and other healthcare providers with the common goal of improving and innovating in the clinical, financial and operational areas of their business to meet the demands of a rapidly evolving healthcare industry. We deliver value through a comprehensive technology-enabled platform which offers critical supply chain services, clinical, financial, operational and population health SaaS, informatics products, advisory services and performance improvement collaborative programs.

We are currently owned by 181 U.S. hospitals, health systems and other healthcare organizations and, upon the completion of the Reorganization and this offering, all of them will own shares of our Class B common stock representing approximately 80% of our outstanding common stock (or approximately 78% if the underwriters exercise their overallotment option in full). Our current membership base includes many of the country's most progressive and forward-thinking healthcare organizations, such as Adventist Health, Adventist Health System, Banner Health, Bon Secours Health System, Inc., Catholic Health Partners, Dignity Health, Geisinger Health System, members and affiliates of the Greater New York Hospital Association, Texas Health Resources, Universal Health Services, University Hospitals Health System and the University of Texas MD Anderson Cancer Center. Approximately 72% of our member owners have been part of our alliance for more than 10 years, with an average tenure across our entire membership of approximately 14 years as of June 30, 2013.

As a member-owned healthcare alliance, our mission, products and services, and long-term strategy have been developed in partnership with our member hospitals, health systems and other healthcare organizations. We believe that this powerful partnership-driven business model is a significant competitive advantage as it creates a relationship between our members and us that is characterized by aligned incentives and mutually beneficial collaboration. This relationship affords us access to critical proprietary data and encourages member participation in the development and introduction of new Premier products and services. Our interaction with our members provides us with a window into the latest challenges confronting the industry we serve and innovative best practices that we can share broadly within the healthcare industry, including throughout our membership. This model has enabled us to develop size and scale, data and analytics assets, expertise and customer engagement required to accelerate innovation, provide differentiated solutions and facilitate growth.

For fiscal year 2013, we generated net revenue of $869.3 million, net income of $375.1 million and Adjusted EBITDA of $419.0 million. For fiscal year 2013, on a pro forma basis, after giving effect to the Reorganization and this offering, we generated net revenue of $764.3 million, net income of $250.2 million and Adjusted EBITDA of $314.0 million. See "Unaudited Pro Forma Consolidated Financial Information" for additional information. Adjusted EBITDA is defined under " Summary Historical and Unaudited Pro Forma Consolidated Financial and Other Data." We achieved an overall net revenue compound annual growth rate, or CAGR, of 13% from fiscal year 2011 through fiscal year 2013 and an overall net income CAGR of 10% for the same period.

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Our Solutions

We seek to address challenges facing healthcare delivery organizations through our comprehensive suite of solutions that:

- improve the efficiency and effectiveness of the healthcare supply chain;
- deliver improvement in cost and quality;
- innovate and enable success in emerging healthcare delivery and payment models to manage the health of populations; and
- utilize data and analytics to drive increased connectivity, and clinical, financial and operational improvement.

Our business model and solutions are designed to provide our members access to scale efficiencies, spread the cost of their development, derive intelligence from our data warehouse, mitigate the risk of innovation and disseminate best practices that will help our member organizations succeed in their transformation to higher quality and more cost-effective healthcare. We deliver our integrated platform of solutions that address the areas of total cost management, quality and safety improvement and population health management through two business segments: supply chain services and performance services.

Supply chain services: We are one of the largest healthcare supply chain management services businesses in the United States serving a broad range of healthcare providers. Our supply chain services segment includes one of the largest healthcare group purchasing organizations, or GPOs, in the United States, a specialty pharmacy and our direct sourcing activities. Our GPO programs include approximately 2,000 U.S. hospitals, one of the largest alternate site programs in the United States, consisting of approximately 100,000 members, and one of the nation's largest group purchasing programs for physicians. Our alternate site program includes our 50% ownership interest in Innovatix, LLC, or Innovatix, one of the largest alternate site GPOs. Our GPO programs, which are enabled with proprietary technology and include field support services, administered approximately $40 billion worth of member facilities purchasing volume through our supplier contracts for calendar year 2012.

Our supply chain services segment has grown rapidly through market share gains, continued expansion in the alternate site market, focus on consistent innovation and acquisitions. Our total member base in our U.S. hospital and alternate site GPO programs has grown from approximately 70,000 members at July 1, 2010 to approximately 102,000 members at June 30, 2013. Supply chain services segment net revenue has grown from $591.0 million in fiscal year 2012 to $664.1 million in fiscal year 2013, representing net revenue growth of 12%, and in fiscal year 2013 accounted for 76% of our overall net revenue.

Performance services: We believe we are one of the largest informatics and advisory services businesses in the United States focused on healthcare providers. Our SaaS informatics products utilize our comprehensive data set to provide actionable intelligence to our members, enabling them to benchmark, analyze and identify areas of improvement across three main categories: cost management, quality and safety, and population health management. Our data and analytics platform is differentiated by what we believe is one of the largest integrated data sets in the healthcare provider sector, a comprehensive repository of clinical, financial and operational data which encompasses one in four U.S. hospital discharges, 29% of U.S. hospital annual supplies expense, approximately $30 billion of U.S. annual direct labor expense, approximately 2.5 million real-time clinical transactions daily and approximately $40 billion in U.S. annual purchasing data, in each case for the calendar year ended December 31, 2012. For additional information regarding the calculation of each of these measures, see page iii of this prospectus. We launched our Enterprise Provider Analytics Platform in 2012, a cloud-

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based data warehousing, collaboration and content management solution that allows our members to aggregate and share information on one common platform that is both payor and supplier neutral. Our Enterprise Provider Analytics Platform includes PremierConnect, our underlying payor/provider joint data model, developed in partnership with IBM, that we believe provides longitudinal patient data across the healthcare continuum, and PremierConnect Enterprise, our data warehousing and business intelligence platform that is offered to our members on a subscription basis. As of June 30, 2013, approximately 1,800 U.S. hospital members purchased one or more of our performance services segment's products or services. Of those U.S. hospital members, approximately 46% only utilized products or services in our performance services segment, and we believe there is a significant opportunity to increase sales in other products or services.

This segment also includes our technology-enabled performance improvement collaboratives. Approximately 850 U.S. hospital members participate in at least one of our performance improvement collaboratives. Through these collaboratives, which are supported by our Enterprise Provider Analytics Platform, we convene members, design programs and facilitate, foster and advance the exchange of clinical, financial and operational data among our members to measure patient outcomes and determine best practices that drive clinical, financial and operational improvements. We support and enhance the infrastructure for these collaboratives with our specific measurement methodologies, proprietary technologies and advisory services. Our Quality, Efficiency and Safety through Transparency, or QUEST, collaborative, which we believe is one of the largest performance improvement collaboratives in the United States, has approximately 350 participating U.S. hospitals working together and utilizing our SaaS informatics products to develop highly standardized quality, safety and cost metrics not otherwise available to health systems today. We believe our QUEST collaborative has helped our participating U.S. hospital members avoid nearly 112,000 deaths (calculated based on decreased mortality rates) and saved our U.S. hospital members approximately $10.1 billion (calculated based on decreased inpatient costs per adjusted discharge), since the inception of QUEST in 2008. Today we offer performance improvement collaboratives in eight areas, including bundled payment, accountable care and readmission management, among others. The implementation of these programs has enhanced the growth of our performance services segment. On average, our QUEST members utilize four or more of our SaaS informatics products, typically including our QualityAdvisor and SafetyAdvisor applications.

Our performance services segment has grown rapidly through product innovation, organic growth and selected acquisitions. Our member base in the performance services segment has grown from 1,600 at July 1, 2010 to 1,800 at June 30, 2013. Performance services segment net revenue has grown from $177.3 million in fiscal year 2012 to $205.2 million in fiscal year 2013, representing net revenue growth of 16%, and accounted for 24% of our overall net revenue in fiscal year 2013.

The value we provide to our members through our integrated platform of solutions is evidenced by (i) retention rates for members participating in our GPO in the supply chain services segment (determined based on aggregate contract purchasing volume) of 93% for fiscal year 2013, with an average of 96% for the last three fiscal years, and renewal rates for our SaaS informatics products subscriptions in the performance services segment (determined based on aggregate contract dollar value) of 89% for fiscal year 2013, with an average of 92% for the last three fiscal years, (ii) an overall net revenue CAGR of 13% from fiscal year 2011 through fiscal year 2013, (iii) the fact that as of June 30, 2013, 34% of our U.S. hospital members use both our supply chain services and at least one of our SaaS informatics products and (iv) the fact that our members have partnered through Premier to create some of the largest performance improvement collaboratives in emerging areas of healthcare such as accountable care, bundled payment and readmission management. For more information, see "Business."

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The Premier Opportunity

We believe the future for healthcare providers in the United States will require transformational change, due to intense cost pressures, a shifting competitive landscape, a changing regulatory environment, the evolving use of data and analytics and the transition to a fundamentally different payment model. Premier's service offerings and business opportunities are well-aligned with the key characteristics of the changing healthcare environment:

Healthcare providers must place a renewed focus on cost and quality. We believe an alliance membership model such as ours that provides significant economies of scale, access to data and analytics and best practices on a shared-cost basis appeals to many healthcare providers in the increasingly cost-sensitive healthcare provider environment.

Greater administrative and clinical scale will be a requirement for success. Many of our members and potential new members deliver healthcare services primarily on a local or regional basis and will likely face intense competition from larger multi-market competitors over time. We provide access to economies of scale, lower cost of innovation and proprietary data solutions that enable large and small healthcare providers to achieve a level of operating effectiveness which allows them to remain competitive in a consolidating and lower revenue environment. Our scale is derived from approximately 2,900 U.S. hospitals, representing approximately 57% of all U.S. hospitals, that participate in our acute care GPO program in our supply chain services segment or use one or more of our performance services segment's products or services.

Healthcare providers will need to extend their reach over time. The need to diversify revenue and to manage in an outcomes-based payment model is forcing health systems to expand their ability to deliver care into alternate site markets. Our alternate site program, consisting of our Continuum of Care GPO, which includes Innovatix, Premier REACH and ProviderSelect MD, is one of the largest in the United States, providing services to approximately 100,000 members as of June 30, 2013.

The healthcare provider business model of the future will incentivize different capabilities. Initiatives such as accountable care organizations, or ACOs, bundled payment and readmission management are rapidly realigning incentives around outcomes, quality and patient satisfaction. Our performance improvement collaboratives and clinical, financial and operational SaaS informatics products give healthcare providers the knowledge and capabilities to operationalize these initiatives. Approximately 850 U.S. hospital members participate in at least one of our performance improvement collaboratives in the areas of accountable care, bundled payment and/or readmission management.

Healthcare has entered the era of big data. The healthcare industry has spent the past decade digitizing medical records. Additionally, the U.S. federal government has accelerated the move toward data transparency by making decades of stored data usable, searchable and actionable. Healthcare providers are now seeking actionable data and information to properly measure and analyze meaningful business drivers such as clinical quality, operating efficiency and population risk profiles within their communities. We collect data on one in four U.S. hospital discharges, 29% of U.S. hospital annual supplies expense, approximately $30 billion of U.S. annual direct labor expense, approximately 2.5 million real-time clinical transactions daily and approximately $40 billion in U.S. annual purchasing data, in each case for the calendar year ended December 31, 2012. We believe that this data set is one of the largest and most diverse in the healthcare provider sector.

Our Competitive Strengths

We believe we are well positioned to benefit from the transformations occurring in the healthcare provider market described above. A new environment that rewards efficiency, better use of information and payment for patient outcomes aligns very well with our portfolio of solutions, recent investments and other competitive strengths:

Scale and depth of member relationships. Our membership includes approximately 57% of all U.S. hospitals. Our mission, products and services, and long-term strategy have been developed in partnership with our member health systems. According to our annual CEO Satisfaction Survey conducted in fiscal years 2011 through 2013, on average approximately 86% of the responding member owners surveyed consider us to be either a "strategic partner" or an "extension of their own organization." Approximately 72% of our member owners have been part of our alliance for more than 10 years, with an average tenure across our entire membership of approximately 14 years as of June 30, 2013.

Ownership structure and member commitment. Upon the completion of the Reorganization and this offering, we expect that approximately 80% of our outstanding common stock (or approximately 78% if the underwriters exercise their overallotment option in full) will be owned by members. Pursuant to the LP Agreement, each of our member owners has entered into a long-term GPO participation agreement (which will become effective upon the completion of the Reorganization and this offering), has agreed to a seven-year vesting period with respect to such member owner's Class B common units of Premier LP and has consented to allow Premier to retain a significantly greater portion of the annual partnership earnings following the completion of the Reorganization and this offering than it retained prior to the Reorganization. We believe the structural changes to our business model described under "Structure" will strengthen the alignment of interests between us and our member owners and will also drive recurring revenues, attractive returns on incremental investment and significant free cash flow that can be redeployed for growth.

Member-driven innovation. Approximately 370 individuals, representing approximately 180 of our U.S. hospital members, sit on 23 of our strategic and sourcing committees and as part of these committees use their industry expertise to advise on ways to improve the development, quality and value of our products and services.

Market leading data assets and data management capabilities. Our data and analytics platform is differentiated by what we believe is one of the largest integrated data sets in the healthcare provider sector and our dedicated data management team, consisting of approximately 250 full-time employees. Our data set is a comprehensive repository of clinical, financial and operational data which encompasses one in four U.S. hospital discharges, 29% of U.S. hospital annual supplies expense, approximately $30 billion of U.S. annual direct labor expense, approximately 2.5 million real-time clinical transactions daily and approximately $40 billion in U.S. annual purchasing data, in each case for the calendar year ended December 31, 2012.

Embedded in our members' critical operational processes. Our suite of solutions is a critical component of our members' cost management and quality improvement initiatives, as evidenced by retention rates for members participating in our GPO in the supply chain services segment (determined based on aggregate contract purchasing volume) with an average of 96% for the last three fiscal years and renewal rates for our SaaS informatics products subscriptions in the performance services segment (determined based on aggregate contract dollar value) with an average of 92% for the last three fiscal years.

Proven management and dynamic culture. Our senior management team of 14 individuals has an average of approximately 20 years of experience in the healthcare industry, an average of approximately seven years of service with us and a proven track record of delivering measurable clinical, financial and operational improvement for healthcare providers.

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Our Growth Strategy

From fiscal year 2011 through fiscal year 2013, we had an overall net revenue CAGR of approximately 13% through strong organic revenue growth, new product development and selected acquisitions. We have made and continue to make investments in people, data, analytic solutions, technology and complementary businesses to accelerate growth. The key components of our strategy include:

- Expanding our relationships with our existing members;
- Continuing to develop innovative products and services;
- Attracting new members;
- Expanding further into the alternate site market;
- Pursuing strategic acquisitions that complement our leadership position; and
- Developing new strategic partnerships.

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Structure

In connection with this offering we will effect the transactions described below, which we collectively refer to as the Reorganization. The following diagram depicts our organizational structure immediately after the completion of the Reorganization and this offering.

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Premier, Inc. will indirectly own approximately 20% of the outstanding Class A common units and Class B common units of Premier LP immediately after the completion of the Reorganization and this offering and assuming no exercise of the underwriters' overallotment option. If the underwriters' overallotment option is exercised, Premier, Inc. will indirectly own approximately 22% of the outstanding Class A common units and Class B common units of Premier LP after the completion of the Reorganization and this offering.

About Premier, Inc. and Premier LP

Premier, Inc. was incorporated as a Delaware corporation on May 14, 2013. Premier, Inc. has not engaged in any business or other activities except in connection with its formation. The certificate of incorporation of Premier, Inc. authorizes two classes of common stock, Class A common stock and Class B common stock. The Class A common stock has voting and economic rights, whereas the Class B common stock has only voting, but not economic, rights. Each share of our Class A common stock and Class B common stock will entitle its holder to one vote on all matters to be voted on by our stockholders generally. Holders of shares of our Class A common stock and holders of shares of our Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise set forth in our certificate of incorporation or as otherwise required by applicable law. Our Class A common stock has been approved for listing on the NASDAQ Global Select Market, or NASDAQ, under the symbol "PINC."

Unless otherwise expressly indicated or the context otherwise requires, the term "common stock" as used herein means both our Class A common stock and Class B common stock. For a description of the material terms of our common stock, see "Description of Capital Stock Common Stock."

Prior to the Reorganization and this offering, the capital structure of Premier LP consisted of partnership interests separated into two divisions, each of which had its own set of capital account balance threshold amounts. Once a holder's capital account balance exceeded such threshold amounts, the holder was eligible to share in future distributions from Premier LP. In connection with the Reorganization and this offering, Premier LP, Premier GP and the member owners have entered into the new LP Agreement which will become effective upon the completion of the Reorganization and this offering. The LP Agreement will, immediately following the effective date, modify Premier LP's capital structure by creating two classes of units, Class A common units and Class B common units, and eliminate the existing partnership interests. The Class A common units and Class B common units have equivalent economic rights, on a per unit basis. The LP Agreement will also designate Premier GP as the general partner of Premier LP. The execution of the LP Agreement, including the recapitalization of the outstanding partnership units to be effected thereby, which is described below, required the approval of the general partner of Premier LP and a majority in interest of the limited partners.

Unless otherwise expressly indicated or the context otherwise requires, the term "units" as used herein means both Premier LP's Class A common units and Class B common units. As used herein, when we refer to our ownership interest in Premier LP, we are referring to the percentage of all units that are expected to be held indirectly by us through our ownership of Premier GP following the completion of this offering. Pursuant to the LP Agreement, Class A common units will only be held by Premier GP as the general partner of Premier LP and Class B common units will be held by the limited partners of Premier LP. All Class B common units that we contribute to Premier GP in connection with the Reorganization will be automatically converted into Class A common units.

It is expected that the number of outstanding shares of Class A common stock and Class B common stock will always match exactly the number of outstanding Class A common units and Class B common units, respectively.

Recapitalization

Immediately following the effective date of the LP Agreement, all of Premier LP's limited partners that approved the Reorganization will receive Class B common units and capital account balances in

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Premier LP equal to their percentage interests and capital account balances in Premier LP immediately preceding the Reorganization. Additionally, immediately following the effective date of the LP Agreement, all of the stockholders (consisting of member owners) of PHSI that approved the Reorganization will contribute their PHSI common stock to Premier LP in exchange for additional Class B common units based on such stockholder's percentage interest in the fair market valuation of PHSI and Premier LP prior to the Reorganization. As a result of the foregoing contributions, PHSI will become a wholly owned subsidiary of Premier LP.

In connection with the Reorganization, the member owners will purchase from Premier, Inc. 112,607,832 shares of Class B common stock, for par value, $0.000001 per share, which number of shares of Class B common stock will equal the number of Class B common units of Premier LP to be held by the member owners immediately following this offering, pursuant to a stock purchase agreement. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Stock Purchase Agreement" and "Description of Capital Stock Common Stock Class B Common Stock."

Offering Transactions

We expect to use approximately (i) $543.9 million of the net proceeds from this offering to acquire 21,428,571 Class B common units of Premier LP from the member owners, (ii) $30.1 million of the net proceeds to acquire 1,184,882 Class B common units of Premier LP from PHSI, and (iii) $140.6 million (or $247.7 million if the underwriters exercise their overallotment option in full) of the net proceeds to acquire 5,538,505 newly issued Class A common units of Premier LP from Premier LP (or 9,761,298 Class A common units if the underwriters exercise their overallotment option in full), in each case for a price per unit equal to the price paid per share of Class A common stock by the underwriters to us in connection with this offering. Any Class B common units purchased by Premier, Inc. with the net proceeds from this offering will automatically convert to Class A common units of Premier LP, pursuant to the terms of the LP Agreement, and will be contributed by Premier, Inc. to Premier GP.

The following table sets forth the number of Class A or Class B common units of Premier LP, as applicable, to be purchased by Premier, Inc. from the member owners (as a group), Premier LP and PHSI, the cash proceeds to be received by each in connection with this offering and the percentage of the net offering proceeds to be received by each (assuming the underwriters' overallotment option has not been exercised).

Seller	Number of Units Sold to Premier	Cash Proceeds to be Received	Percentage of Net Offering Proceeds to be Received
Member owners	21,428,571	$ 543,857,132	76%
Premier LP	5,538,505	$ 140,567,257	20%
PHSI	1,184,882	$ 30,072,305	4%

Reorganization Documents

Below is a summary of the principal documents that will effect the Reorganization and define and regulate the governance and control relationships among Premier, Inc., Premier LP and the member owners after the completion of the Reorganization and this offering.

LP Agreement

In connection with the Reorganization and this offering, the LP Agreement will make Premier GP the general partner of Premier LP. As the general partner of Premier LP, Premier GP will generally be able to control the day-to-day business affairs and decision-making of Premier LP without the approval of any other partner, subject to certain limited partner approval rights described below. As such, we will be responsible for all operational and administrative decisions of Premier LP. In accordance with the LP Agreement, subject to applicable law or regulation and the terms of Premier LP's financing agreements, Premier GP will cause Premier LP to make quarterly distributions out of its estimated

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taxable net income to Premier GP and to the holders of Class B common units as a class in an aggregate amount equal to Premier LP's total taxable income for each such quarter multiplied by the effective combined federal, state and local income tax rate then payable by Premier, Inc. to facilitate payment by each Premier LP partner of taxes, if required, on its share of taxable income of Premier LP. In addition, in accordance with the LP Agreement, Premier GP may cause Premier LP to make additional distributions to Premier GP and to the holders of Class B common units as a class in proportion to their respective number of units, subject to any applicable restrictions under Premier LP's financing agreements or applicable law. Premier GP will distribute any amounts it receives from Premier LP to Premier, Inc., which Premier, Inc. will use to (i) pay applicable taxes, (ii) meet its obligations under the tax receivable agreement, and (iii) meet its obligations to the member owners under the exchange agreement if they elect to convert their Class B common units for shares of our Class A common stock and we elect to pay some or all of the consideration to such member owners in cash. In the event that a limited partner of Premier LP holding Class B common units not yet eligible to be exchanged for shares of our Class A common stock pursuant to the terms of the exchange agreement (i) ceases to participate in our GPO programs, (ii) ceases to be a limited partner of Premier LP (except as a result of a permitted transfer of its Class B common units), (iii) ceases to be a party to a GPO participation agreement (subject to certain limited exceptions), or (iv) becomes a related entity of, or affiliated with, a competing business of Premier LP, in each case, Premier LP will have the option to redeem all of such limited partner's Class B common units not yet eligible to be exchanged at a purchase price set forth in the LP Agreement. In addition, the limited partner will be required to exchange all Class B common units eligible to be exchanged on the next exchange date following the date of the applicable termination event described above. For additional information regarding the LP Agreement, see "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Amended and Restated Limited Partnership Agreement of Premier LP."

Voting Trust Agreement

Additionally, in connection with the Reorganization and this offering, our member owners have entered into a voting trust agreement, which will become effective upon the completion of the Reorganization and this offering and pursuant to which the member owners will contribute their Class B common stock into Premier Trust, under which Wells Fargo Delaware Trust Company, N.A., as trustee, will act on behalf of the member owners for purposes of voting their shares of Class B common stock. As a result of the voting trust agreement, the member owners will retain beneficial ownership of the Class B common stock, while the trustee will be the legal owner of such equity. Pursuant to the voting trust agreement, the trustee will vote all of the member owners' Class B common stock as a block in the manner determined by the plurality of the votes received by the trustee from the member owners for the election of directors to serve on our board of directors, and by a majority of the votes received by the trustee from the member owners for all other matters. For additional information regarding the voting trust agreement, see "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Voting Trust Agreement."

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Exchange Agreement

In connection with the Reorganization and this offering, Premier, Inc., Premier LP and the member owners have entered into an exchange agreement which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of the exchange agreement, subject to certain restrictions, commencing on the one-year anniversary of the last day of the calendar month in which we consummate this offering, and during each year thereafter, each member owner will have the cumulative right to exchange up to one-seventh of its initial allocation of Class B common units, as well as any additional Class B common units purchased by such member owner pursuant to certain rights of first refusal (discussed below), for shares of our Class A common stock (on a one-for-one basis subject to customary adjustments for subdivisions or combinations by split, reverse split, distribution, reclassification, recapitalization or otherwise), cash or a combination of both, the form of consideration to be at the discretion of our audit committee (or another committee of independent directors) of our board of directors. This exchange right can be exercised on a quarterly basis (subject to certain restrictions contained in the registration rights agreement described below) and is subject to rights of first refusal in favor of the other holders of Class B common units and Premier LP. For each Class B common unit that is exchanged pursuant to the exchange agreement, the member owner will also surrender one corresponding share of our Class B common stock, which will automatically be retired. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Exchange Agreement."

Registration Rights Agreement

In connection with the Reorganization and this offering, Premier, Inc. and the member owners have entered into a registration rights agreement which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of the registration rights agreement, as soon as practicable from the date that is 12 full calendar months after the completion of this offering, we must use all reasonable efforts to cause a resale shelf registration statement to become effective for resales from time to time of our Class A common stock that may be issued to the member owners in exchange for their Class B common units pursuant to the exchange agreement, subject to various restrictions. Subject to certain exceptions, we will use reasonable efforts to keep the resale shelf registration statement effective for seven years. In addition, we will undertake to conduct an annual company-directed underwritten public offering to allow the member owners to resell Class A common stock and, at our election, to permit us to sell primary shares, following the first quarterly exchange date of each of the first three years during which the member owners have the right to exchange their Class B common units for shares of our Class A common stock. We will not be required to conduct a company-directed underwritten public offering unless the number of shares of Class A common stock requested by the member owners (and any third parties) to be registered in the applicable company-directed underwritten public offering constitutes the equivalent of at least 3.5% of the aggregate number of Premier LP units outstanding. If the offering minimum has not been met, we will either proceed with the company-directed underwritten public offering (such decision being in our sole discretion) or notify the member owners that we will abandon the offering. After the third year during which member owners have the right to exchange their Class B common units for shares of our Class A common stock, we may elect to conduct a company-directed underwritten public offering in any subsequent year. We, as well as the member owners, and third parties, will be subject to customary prohibitions on sale prior to and for 60 days following any company-directed underwritten public offering. The registration rights agreement also grants the member owners certain "piggyback" registration rights with respect to other registrations of our Class A common stock. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Registration Rights Agreement."

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Tax Receivable Agreement

In connection with the Reorganization and this offering, Premier, Inc. has entered into a tax receivable agreement with the member owners which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of the tax receivable agreement, Premier, Inc. has agreed to pay to the member owners, generally over a 15-year period (under current law), 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income and franchise tax that we actually realize (or are deemed to realize, in the case of payments required to be made upon certain occurrences under such tax receivable agreement) as a result of the increases in tax basis resulting from the initial sale of Class B common units by the member owners in connection with the Reorganization, as well as subsequent exchanges by such member owners pursuant to the exchange agreement, and of certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement."

GPO Participation Agreement

In connection with the Reorganization and this offering, our member owners have entered into GPO participation agreements with Premier LP which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of its GPO participation agreement, each member owner will receive cash sharebacks, or revenue share, from Premier LP equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts. In addition, our two largest regional GPO member owners, which represented approximately 17% of our gross administrative fees revenue for fiscal year 2013, will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us. Subject to certain termination rights, these GPO participation agreements will be for an initial five-year term, although our two largest regional GPO member owners have entered into agreements with seven-year terms.

The terms of the GPO participation agreements vary as a result of provisions in our existing arrangements with member owners that conflict with the terms of the GPO participation agreement and which by the express terms of the GPO participation agreement are incorporated by reference and deemed controlling and will continue to remain in effect. In certain other instances, Premier LP and member owners have entered into GPO participation agreements with certain terms that vary from the standard form, which were approved by the member agreement review committee of our board of directors, based upon regulatory constraints, pending merger and acquisition activity or other exigent circumstances affecting those member owners. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement."

Effects of the Reorganization

Immediately following the completion of the Reorganization and this offering:

Premier, Inc. will be the sole member of Premier GP and Premier GP will be the general partner of Premier LP. Through Premier GP, Premier, Inc. will exercise indirect control over the business operated by Premier LP, subject to certain limited partner approval rights. Premier GP will have no employees and will act solely through its board of managers and appointed officers in directing the affairs of Premier LP,

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- the member owners will hold 112,607,832 shares of our Class B common stock and 112,607,832 Class B common units (and such number of shares of Class B common stock and Class B common units will not be affected if the underwriters exercise their overallotment option in full),

- Premier GP will hold 28,151,958 Class A common units of Premier LP (or 32,374,751 Class A common units if the underwriters exercise their overallotment option in full),

- through their holdings of our Class B common stock, the member owners will have approximately 80% of the voting power in Premier, Inc. (or approximately 78% of the voting power if the underwriters exercise their overallotment option in full),

- the investors in this offering will collectively own all of our outstanding shares of Class A common stock and will collectively have approximately 20% of the voting power in Premier, Inc. (or approximately 22% of the voting power if the underwriters exercise their overallotment option in full), and

- Premier LP will be the operating partnership and parent company to all of our other operating subsidiaries, including PSCI and PHSI.

Any newly admitted Premier LP limited partners must also become parties to the exchange agreement, the registration rights agreement, the voting trust agreement and the tax receivable agreement, in each case on the same terms and conditions as the member owners (except that any Class B common units acquired by such newly admitted Premier LP limited partners will not be subject to the seven-year vesting schedule set forth in the LP Agreement and the exchange agreement). Any newly admitted Premier LP limited partner will also enter into a GPO participation agreement with Premier LP.

Benefits of the Reorganization to Member Owners

As a result of the Reorganization and this offering, the member owners will, among other things:

- receive an aggregate of approximately $543.9 million in cash proceeds for a portion of their outstanding Class B common units in Premier LP,

- remain entitled to quarterly cash distributions from Premier LP that should, in most cases, be sufficient to cover income taxes on their allocated portion of Premier LP's taxable income,

- receive revenue share under their GPO participation agreements equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts (and, in addition, our two largest regional GPO member owners will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us),

- for so long as they collectively own a majority of the voting power of our outstanding common stock, have the ability to elect all of the members of our board of directors through the voting trust agreement and thereby influence corporate decisions made by Premier,

- have the cumulative right to exchange, beginning on the one-year anniversary of the last day of the calendar month in which we consummate this offering, and each year thereafter, up to one-seventh of their initial allocation of Class B common units, as well as any Class B common units purchased through the exercise of certain rights of first refusal under the exchange agreement, for shares of our Class A common stock, cash or a combination of both, the form of consideration to be determined, subject to certain rights of first refusal under the exchange agreement, at the discretion of our audit committee (or another committee of independent directors) of our board of directors,

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upon the sale or exchange of Premier LP Class B common units, be entitled to receive additional payments of approximately $197.5 million, generally payable over a 15-year period (under current law), from us pursuant to the tax receivable agreement, in part as a result of the contemplated use of a portion of the proceeds from this offering, and assuming that we are able to timely benefit from certain anticipated tax benefits (for more information, see "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement"), and

have registration rights with respect to shares of our Class A common stock that they receive upon exchange of their Class B common units in Premier LP.

Holding Company Structure

Premier, Inc. is a holding company and its sole asset immediately following this offering will be all of the outstanding interests in Premier GP. Premier GP will act as the general partner of, and own approximately 20% of the units (or approximately 22% if the underwriters exercise their overallotment option in full) in, Premier LP. Premier, Inc.'s only business will be to act indirectly as the general partner of Premier LP, and, as such, it will operate and control all of the business and affairs of Premier LP and its subsidiaries immediately following this offering, subject to certain limited partner approval rights described herein.

Summary Risk Factors

Our business is subject to risks, as discussed more fully in the section entitled "Risk Factors" beginning on page 27. You should carefully consider all of the risks discussed in the "Risk Factors" section before investing in our Class A common stock. In particular, the following factors may have an adverse effect on our business, which could cause a decrease in the price of our Class A common stock and result in a loss of all or a portion of your investment:

competition which could limit our ability to maintain or expand market share within our industry,

consolidation in the healthcare industry,

potential delays in generating or inability to generate revenues if the sales cycle takes longer than we expected,

the terminability of member participation in our GPO programs with limited or no notice,

our business strategy that involves reducing the prices for products and services in our supply chain services segment,

the rate at which the markets for our non-GPO services and products develop,

the dependency of our members on payments from third-party payors,

our reliance on administrative fees which we receive from our GPO suppliers,

our ability to maintain third-party provider and strategic alliances or enter into new alliances,

our ability to offer new and innovative products and services, the portion of revenues we receive from our largest members,

risks related to future acquisition opportunities,

potential litigation,

data loss or corruption due to failures or errors in our systems and service disruptions at our data centers,

breaches or failures of our security measures,

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- our ability to use, disclose, de-identify or license data and to integrate third-party technologies,
- changes in the political, economic or regulatory healthcare environment and our compliance with federal and state laws governing financial relationships among healthcare providers and the submission of false or fraudulent healthcare claims,
- interpretation and enforcement of current or future antitrust laws and regulations,
- our holding company structure,
- different interests among our member owners or between our member owners and us,
- our ability to use the net proceeds from future issuances of our Class A common stock,
- the ability of our member owners to exercise significant control over us, including through the election of all of our directors,
- our status as a "controlled company" within the meaning of NASDAQ rules,
- the dilutive effect of Premier LP's issuance of additional units or future issuances by us of common stock and/or preferred stock,
- any determination that we are an investment company,
- the requirements of being a public company,
- our inexperience and lack of operating history as a publicly-traded company, and
- failure to establish and maintain an effective system of internal controls.

Company and Other Information

Our principal executive offices are located at 13034 Ballantyne Corporate Place, Charlotte, NC 28277. Our telephone number is (704) 357-0022. Our website is located at *www.premierinc.com*. The information on our website is not part of this prospectus.

Premier, Inc. is a holding company and its sole asset immediately following this offering will be all of the outstanding interests in Premier GP. Premier GP will act as the general partner of, and own approximately 20% of the units (or approximately 22% if the underwriters exercise their overallotment option in full) in, Premier LP. Premier, Inc.'s only business will be to act indirectly as the general partner of Premier LP and, as such, it will operate and control all of the business and affairs of Premier LP and its subsidiaries immediately following this offering, subject to certain limited partner approval rights described herein.

We are an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act of 1933, as amended, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible and intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, delayed application of newly adopted or revised accounting standards, exemption from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Following this offering, we will continue to be an emerging growth company until the earliest to occur of (i) the last day of the fiscal year during which we had total annual gross revenues of at least $1 billion (as indexed for inflation), (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of Class A common stock under this registration statement, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed to be a "large accelerated filer," as defined under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

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This Offering

Class A common stock offered by us	28,151,958 shares.
Class A common stock to be outstanding after this offering	28,151,958 shares.
Overallotment option	4,222,793 shares.
Class B common stock to be outstanding after this offering	112,607,832 shares. In connection with the Reorganization, the member owners will purchase Class B common stock from Premier, Inc. for par value, $0.000001 per share. The number of shares of Class B common stock will equal the number of Class B common units of Premier LP to be held by the member owners immediately following this offering. See "Description of Capital Stock Common Stock Class B Common Stock" and "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Stock Purchase Agreement." Upon exchange of a Class B common unit of Premier LP for one share of Class A common stock, cash, or a combination of both, the corresponding share of Class B common stock shall be extinguished. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Exchange Agreement."
Use of proceeds	We will receive net proceeds from this offering, after deducting the underwriting discounts and commissions of this offering, of approximately $714.5 million (approximately $821.7 million if the underwriters exercise their overallotment option in full). We expect to use approximately (i) $543.9 million of the net proceeds from this offering to acquire 21,428,571 Class B common units of Premier LP from the member owners, (ii) $30.1 million of the net proceeds to acquire 1,184,882 Class B common units of Premier LP from PHSI, and (iii) $140.6 million of the net proceeds to acquire 5,538,505 newly issued Class A common units of Premier LP from Premier LP. Premier LP will use the proceeds it receives in connection with the sale of its newly issued Class A common units for working capital and general corporate purposes, including potential future acquisition and development activities. Pending such use, the proceeds may be invested in high quality, short-term investments. Finally, we will use any net proceeds received if the underwriters exercise their overallotment option to purchase up to 4,222,793 additional newly issued Class A common units of Premier LP from Premier LP. We will contribute any units of Premier LP that we purchase to Premier GP. See "Use of Proceeds."

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Voting rights	Holders of shares of Class A common stock and holders of shares of Class B common stock are each entitled to one vote per share. Holders of shares of our Class A common stock and holders of shares of Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise set forth in our certificate of incorporation or as required by applicable law. See "Description of Capital Stock." Immediately following the completion of the Reorganization and this offering, the holders of shares of our Class A common stock will collectively own 100% of the economic interests and approximately 20% of the voting power of Premier, Inc. The holders of shares of our Class B common stock will hold the remaining approximately 80% of the voting power of Premier, Inc.
Dividend rights; rights upon liquidation or winding up	Holders of shares of Class A common stock will be entitled to receive dividends if and when declared by our board of directors and will be entitled to receive pro rata our remaining assets available for distribution upon a liquidation or winding up of Premier, Inc. Holders of shares of Class B common stock will not be entitled to receive cash dividends or any distributions upon a liquidation or winding up of Premier, Inc. For additional information, see "Description of Capital Stock."
Dividend policy	We do not expect to pay dividends in the foreseeable future. See "Dividend Policy."
Directed share program	The underwriters have reserved for sale at the initial public offering price up to 1,407,598 shares of our Class A common stock for our employees and our members owners who have expressed an interest in purchasing Class A common stock in this offering. The number of shares available for sale to the general public in this offering will be reduced to the extent these persons purchase the directed shares. Any directed shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares.
Risk factors	Investing in our Class A common stock involves a high degree of risk. You should carefully read and consider the information set forth under "Risk Factors" and all other information in this prospectus before investing in our Class A common stock.
NASDAQ symbol	"PINC."

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The number of shares of Class A common stock that will be outstanding immediately after this offering excludes the following shares:

- 112,607,832 shares of Class A common stock issuable upon exchange of Class B common units held by the member owners,
- 2,054,192 shares of Class A common stock issuable upon the exercise of stock options we expect to grant in connection with this offering,
- 829,922 additional shares of Class A common stock issuable under performance shares we expect to grant in connection with this offering,
- 708,299 shares of Class A common stock issuable under restricted stock units we expect to grant in connection with this offering, and
- an aggregate of 7,668,370 additional shares of Class A common stock that will be available for future awards under our equity incentive plan.

Unless otherwise expressly indicated or the context otherwise requires, the information in this prospectus assumes that:

- the Reorganization was completed, and
- the underwriters' overallotment option is not exercised.

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Summary Historical and Unaudited Pro Forma Consolidated Financial and Other Data

The following tables set forth summary consolidated financial and operating data on a historical and pro forma basis. Premier, Inc. has had no operations to date and, therefore, the information below is presented for reporting purposes only for Premier, Inc.'s predecessor company, PHSI, which, upon the completion of the Reorganization and this offering will be a consolidated subsidiary of Premier, Inc. The following summary historical consolidated financial and other data of PHSI should be read together with "Structure," "Unaudited Pro Forma Consolidated Financial Information," "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and related notes included elsewhere in this prospectus.

We derived the summary historical consolidated statements of income data of PHSI for each of the fiscal years ended June 30, 2013, 2012 and 2011 and the summary consolidated balance sheet data as of June 30, 2013 from the audited consolidated financial statements of PHSI which are included elsewhere in this prospectus.

The summary unaudited pro forma consolidated statement of income for the fiscal year ended June 30, 2013 presents our consolidated statement of income giving pro forma effect to the Reorganization and this offering and the contemplated use of the net proceeds from this offering as described under "Structure" and "Use of Proceeds," as if such transactions occurred on July 1, 2012. The summary unaudited pro forma consolidated balance sheet as of June 30, 2013 presents our consolidated financial position giving pro forma effect to the Reorganization and this offering and the contemplated use of the net proceeds from this offering as described under "Structure" and "Use of Proceeds," as if such transactions occurred as of the balance sheet date. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of the Reorganization and this offering and the contemplated use of the net proceeds from this offering on the historical financial information of PHSI. The summary unaudited pro forma consolidated financial information is included for informational purposes only and does not purport to reflect our actual results of operations or financial position for the periods presented. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our financial condition or results of operations had the Reorganization, this offering and the use of the net proceeds from this offering as described under "Use of Proceeds" occurred on the dates assumed. The unaudited pro forma consolidated financial information also does not project our results of operations or financial position for any future period or date.

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(In Thousands Except Per Share Data)	2013 Pro forma (Unaudited)	Fiscal Year Ended June 30, 2013	2012[1]	2011[2]
Consolidated Statements of Income Data:				
Net revenue:				
Net administrative fees[3]	$ 414,207	$ 519,219	$ 473,249	$ 457,951
Other services and support	205,685	205,685	178,552	158,179
Services	619,892	724,904	651,801	616,130
Products	144,386	144,386	116,484	64,628
Total net revenue	764,278	869,290	768,285	680,758
Cost of revenue	237,413	237,413	189,719	119,875
Gross profit	526,865	631,877	578,566	560,883
Operating expenses:				
Selling, general and administrative	248,301	248,301	240,748	242,863
Research and development	9,370	9,370	12,583	8,685
Amortization of purchased intangible assets	1,539	1,539	3,146	3,463
Total operating expenses	259,210	259,210	256,477	255,011
Operating income	267,655	372,667	322,089	305,872
Other income, net[4]	12,145	12,145	12,808	11,092
Income before income taxes	279,800	384,812	334,897	316,964
Income tax expense	29,636	9,726	8,229	4,704
Net income	250,164	375,086	326,668	312,260
Add: Net loss attributable to noncontrolling interest in S2S Global[5]	1,479	1,479	608	
Less: Net income attributable to noncontrolling interest in Premier LP[6]	(218,463)	(369,189)	(323,339)	(309,840)
Net income attributable to noncontrolling interest	(216,984)	(367,710)	(322,731)	(309,840)
Net income attributable to PHSI	$ 33,180	$ 7,376	$ 3,937	$ 2,420
Adjusted fully distributed net income attributable to PHSI[7]	$ 169,612			

(In Thousands)	As of June 30, 2013 Actual	Pro Forma (Unaudited)
Consolidated Balance Sheet Data:		
Cash, cash equivalents and marketable securities	$ 255,619	$ 426,259
Working capital[8]	220,893	366,700
Property and equipment, net	115,587	115,587
Total assets	598,916	1,052,578
Deferred revenue[9]	18,880	18,880
Total liabilities	213,513	422,911
Redeemable limited partners' capital[10]	307,635	423,993
Common stock	57	
Class A common stock		282
Additional paid-in capital	28,866	168,459
Retained earnings	50,599	38,690

Total stockholders' equity	$	77,768	$	205,674

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(In Thousands)	2013 Pro forma (Unaudited)	Fiscal Year Ended June 30, 2013	2012[1]	2011[2]
Other Financial Data:				
Segment Adjusted EBITDA[11]				
Supply Chain Services[12]	$ 326,616	$ 431,628	$ 385,331	$ 369,251
Performance Services	56,456	56,456	42,153	37,840
Corporate[13]	(69,059)	(69,059)	(67,875)	(57,866)
Adjusted EBITDA[11]	$ 314,013	$ 419,025	$ 359,609	$ 349,225
Distributions[14]	$ 108,000	$ 329,000	$ 309,000	$ 295,000

(1) Amounts include the results of operations of SVS, LLC (d/b/a S2S Global), or S2S Global, in our supply chain services segment from December 6, 2011, the date of acquisition of 60% of the outstanding shares of common stock of S2S Global for $500,000.

(2) Amounts include the results of operations of NS3 Health, LLC (d/b/a Commcare Specialty Pharmacy), or Commcare, in our supply chain services segment from November 1, 2010, the date of acquisition of all of the outstanding shares of common stock of Commcare for $35.9 million.

(3) Net administrative fees revenue reflects our gross administrative fees revenue net of revenue share. Gross administrative fees revenue includes all administrative fees (i) we receive pursuant to our GPO supplier contracts, and (ii) remitted to us based upon purchasing by our member owners' member facilities through the member owners' own GPO supplier contracts. Revenue share represents the portion of the administrative fees we are contractually obligated to share with our member owners and certain of our other members participating in our GPO programs.

(4) Other income, net consists primarily of equity in net income of unconsolidated affiliates related to our 50% ownership interest in Innovatix, interest and investment income, net, and gain or loss on disposal of assets.

(5) PHSI currently owns a 60% voting and economic interest in S2S Global. Net loss attributable to noncontrolling interest in S2S Global represents the portion of net loss attributable to the noncontrolling equityholders of S2S Global (40%).

(6) PHSI, through its wholly owned subsidiary Premier Plans, LLC, or Premier Plans, currently owns a 1% controlling general partnership interest in Premier LP. Net income attributable to noncontrolling interest in Premier LP represents the portion of net income attributable to the limited partners of Premier LP (99%).

(7) We define adjusted fully distributed net income as net income attributable to PHSI (i) excluding income tax expense, (ii) excluding the effect of non-recurring and non-cash items, (iii) assuming the exchange of all the Class B common units into shares of Class A common stock, which results in the elimination of noncontrolling interest in Premier LP, and (iv) reflecting an adjustment for income tax expense on pro forma fully distributed net income before income taxes at our estimated effective income tax rate. Adjusted fully distributed net income is a non-GAAP measure because it represents net income attributable to PHSI before merger and acquisition related expenses and non-recurring or non-cash items and the effects of noncontrolling interests in Premier LP and any other dilutive equity transactions. We consider non-recurring items to be expenses that have not been incurred within the prior two years and are not expected to recur within the next two years. Such non-recurring expenses include certain strategic and financial restructuring expenses.

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We believe adjusted fully distributed net income is an important performance measure because it will assist our board of directors and management in comparing our performance on a consistent basis from period to period by excluding the impact of merger and acquisition related expenses and non-recurring or non-cash items from net income attributable to PHSI. It also eliminates the variability of noncontrolling interest as a result of member owner exchanges of Class B common units into shares of Class A common stock (which exchanges are a member owner's cumulative right, but not obligation, beginning on the one-year anniversary of the last day of the calendar month in which we consummate this offering, and each year thereafter, and are limited to one-seventh of the member owner's initial allocation of Class B common units) and other potentially dilutive equity transactions which are outside of management's control. To properly and prudently evaluate our business, we encourage you to review the financial statements and related notes included elsewhere in this prospectus, and to not rely on any single financial measure to evaluate our business. We also strongly urge you to review the reconciliation of our pro forma net income attributable to PHSI to adjusted fully distributed net income set forth below.

The table below provides a reconciliation of pro forma net income attributable to PHSI to adjusted fully distributed net income for the fiscal year ended June 30, 2013:

(In Thousands)	
Pro forma net income attributable to PHSI	$ 33,180
Add: Income tax expense	29,636
Add: Strategic and financial restructuring expenses[(a)]	5,170
Add: Net income attributable to noncontrolling interest in Premier LP[(b)]	218,463
Pro forma fully distributed income before income taxes	286,449
Adjusted for: Income tax expense on pro forma fully distributed income before income taxes[(c)]	116,837
Adjusted fully distributed net income	$ 169,612

(a) Represents legal, accounting and other expenses directly related to the Reorganization and this offering.

(b) 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.

(c) 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.

(8) Working capital represents the excess of total current assets over total current liabilities.

(9) Deferred revenue is primarily related to deferred subscription fees and deferred advisory fees in our performance services segment and consists of unrecognized revenue related to advanced member invoicing or member payments received prior to fulfillment of our revenue recognition criteria.

(10) Redeemable limited partners' capital consists of the limited partners' 99% ownership of Premier LP which, pursuant to the terms of the existing limited partnership agreement of Premier LP, Premier LP is required to repurchase upon the withdrawal of such limited partner and is therefore classified as temporary equity in the mezzanine section of the consolidated balance sheet.

(11) We define EBITDA as net income before interest and investment income, net, income tax expense, depreciation and amortization and amortization of purchased intangible assets. We define Adjusted

EBITDA as EBITDA before merger and acquisition related expenses and non-recurring, non-cash or non-operating items, and including equity in net income of unconsolidated affiliates. We consider non-recurring items to be expenses that have not been incurred within the prior two years and are not expected to recur within the next two years. Such expenses include certain strategic and financial restructuring expenses, office consolidation expenses and expenses associated with the new Charlotte headquarters. Non-operating items include gain or loss on disposal of assets.

We define Segment Adjusted EBITDA as the segment's net revenue less operating expenses directly attributable to the segment excluding depreciation and amortization, amortization of purchased intangible assets, merger and acquisition related expenses and non-recurring or non-cash items, and including equity in net income of unconsolidated affiliates. Operating expenses directly attributable to the segment include expenses associated with sales and marketing, general and administrative and product development activities specific to the operation of the segment. General and administrative corporate expenses that are not specific to the segments are not included in the calculation of Segment Adjusted EBITDA.

We use Adjusted EBITDA and Segment Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with generally accepted accounting principles in the United States, or GAAP, and the following reconciliations, provides a more complete understanding of factors and trends affecting our business than GAAP measures alone. We believe Adjusted EBITDA and Segment Adjusted EBITDA assist our board of directors, management and investors in comparing our operating performance on a consistent basis from period to period because they remove the impact of our asset base (primarily depreciation and amortization) and items outside the control of our management team (taxes), as well as other non-cash (impairment of intangible assets and purchase accounting adjustments) and non-recurring items, from our operations.

Adjusted EBITDA is a supplemental financial measure used by us and by external users of our financial statements. We consider Adjusted EBITDA an indicator of the operational strength and performance of our business. Adjusted EBITDA allows us to assess our performance without regard to financing methods and capital structure and without the impact of other matters that we do not consider indicative of the operating performance of our business. Segment Adjusted EBITDA is the primary earnings measure we use to evaluate the performance of our business segments.

Despite the importance of Adjusted EBITDA in analyzing our business, determining compliance with certain financial covenants in our senior secured revolving credit facility, measuring and determining incentive compensation and evaluating our operating performance relative to our competitors, Adjusted EBITDA is not a measurement of financial performance under GAAP, has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or any other measure of our performance derived in accordance with GAAP. Some of the limitations of Adjusted EBITDA and Segment Adjusted EBITDA include:

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect our capital expenditures or our future requirements for capital expenditures or contractual commitments;

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect the interest expense or the cash requirements to service interest or principal payments under our senior secured revolving credit facility;

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Adjusted EBITDA and Segment Adjusted EBITDA do not reflect income tax payments we are required to make; and

Adjusted EBITDA and Segment Adjusted EBITDA do not reflect any cash requirements for replacements of assets being depreciated or amortized.

In addition, Adjusted EBITDA and Segment Adjusted EBITDA are not measures of liquidity under GAAP, or otherwise, and are not alternatives to cash flow from continuing operating activities.

To properly and prudently evaluate our business, we encourage you to review the financial statements and related notes included elsewhere in this prospectus, and to not rely on any single financial measure to evaluate our business. We also strongly urge you to review the reconciliation of our net income to Adjusted EBITDA and Segment Adjusted EBITDA to operating income set forth below. In addition, because Adjusted EBITDA and Segment Adjusted EBITDA are susceptible to varying calculations, the Adjusted EBITDA and Segment Adjusted EBITDA measures, as presented in this prospectus, may differ from, and may therefore not be comparable to, similarly titled measures used by other companies. The tables below show the reconciliations of net income to Adjusted EBITDA and Segment Adjusted EBITDA to operating income for the periods presented.

	Fiscal Year Ended June 30,			
(In Thousands)	**2013 Pro forma (Unaudited)**	**2013**	**2012**	**2011**
Net income	$ 250,164	$ 375,086	$ 326,668	$ 312,260
Interest and investment income, net[a]	(965)	(965)	(874)	(1,045)
Income tax expense	29,636	9,726	8,229	4,704
Depreciation and amortization	27,681	27,681	22,252	19,524
Amortization of purchased intangible assets	1,539	1,539	3,146	3,463
EBITDA	308,055	413,067	359,421	338,906
Merger and acquisition related expenses[b]				1,538
Strategic and financial restructuring expenses[c]	5,170	5,170		
Office consolidation and new Charlotte headquarters expenses[d]				8,001
Loss on disposal of assets[e]	788	788	188	780
Adjusted EBITDA	$ 314,013	$ 419,025	$ 359,609	$ 349,225

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(In Thousands)	2013[11] Pro forma (Unaudited)	Fiscal Year Ended June 30, 2013	2012	2011
Segment Adjusted EBITDA				
Supply Chain Services	$ 326,616	$ 431,628	$ 385,331	$ 369,251
Performance Services	56,456	56,456	42,153	37,840
Corporate[f]	(69,059)	(69,059)	(67,875)	(57,866)
Adjusted EBITDA	314,013	419,025	359,609	349,225
Depreciation and amortization	(27,681)	(27,681)	(22,252)	(19,524)
Amortization of purchased intangible assets	(1,539)	(1,539)	(3,146)	(3,463)
Merger and acquisition related expenses[b]				(1,538)
Strategic and financial restructuring expenses[c]	(5,170)	(5,170)		
Office consolidations and new Charlotte headquarters expenses[d]				(8,001)
Equity in net income of unconsolidated affiliates	(11,968)	(11,968)	(12,122)	(10,827)
Operating income	$ 267,655	$ 372,667	$ 322,089	$ 305,872

(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 acquisition of Commcare on November 1, 2010.

(c) Represents legal, accounting and other expenses directly related to the Reorganization and this offering.

(d) Represents expenses incurred to consolidate our San Diego and Philadelphia offices and expenses associated with the relocation to our new Charlotte headquarters.

(e) Represents loss on disposal of property and equipment.

(f) Corporate consists of general and administrative corporate expenses that are not specific to either of our segments.

(12) Includes pro forma adjustments that decrease supply chain services Segment Adjusted EBITDA by $105.0 million for the fiscal year ended June 30, 2013 for the change in gross administrative fees paid to member owners as described in footnote (13) below and footnote (6) to the unaudited pro forma consolidated balance sheet and statement of income included in "Unaudited Pro Forma Consolidated Financial Information."

(13) Corporate consists of general and administrative corporate expenses that are not specific to either of our segments.

(14) Prior to the Reorganization and this offering, we generally did not have a contractual requirement to pay revenue share to member owners participating in our GPO programs, but have paid, and in the case of the six month period ended June 30, 2013 will pay, semi-annual distributions of partnership income, which approximate 70% of the gross administrative fees collected by Premier LP for the fiscal years ended June 30, 2013, 2012 and 2011, respectively, based upon purchasing by such member owners' member facilities through our GPO supplier contracts. Distributions are paid each February, for partnership income attributable to the six months ended December 31, and each September, for partnership income attributable to the six months ended June 30. In addition, following the

completion of the Reorganization and this offering, we intend to pay a distribution of partnership income, calculated in a consistent manner with our historical semi-annual distributions pursuant to the existing limited partnership agreement of Premier LP, to

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our member owners who approved the Reorganization for the period from July 1, 2013 through the effective date of the Reorganization. Under the LP Agreement, which will become effective upon the completion of the Reorganization and this offering, the distributions provided to member owners by Premier LP will be determined as follows:

(i) subject to certain termination rights, each member owner has executed a GPO participation agreement for an initial five-year term, although our two largest regional GPO member owners, which represented approximately 17% of our gross administrative fees revenue for fiscal year 2013, have entered into agreements with seven-year terms, which will become effective upon the completion of the Reorganization and this offering, that provides that Premier LP will pay each member owner revenue share equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts. In addition, our two largest regional GPO member owners will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement." Such revenue share is reflected in net administrative fees in the consolidated statement of income; and

(ii) under the LP Agreement, subject to applicable law or regulation and the terms of Premier LP's financing agreements, Premier GP will cause Premier LP to make quarterly distributions out of Premier LP's estimated taxable net income to Premier GP and to the holders of Class B common units as a class in an aggregate amount equal to Premier LP's total taxable income for each such quarter multiplied by the effective combined federal, state and local income tax rate then payable by Premier, Inc. to facilitate payment by each Premier LP partner of taxes, if required, on its share of taxable income of Premier LP. In addition, Premier GP may cause Premier LP to make additional distributions to Premier GP and to the holders of Class B common units as a class in proportion to their respective number of units. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Amended and Restated Limited Partnership Agreement of Premier LP." Pro forma distributions represent $277.3 million in taxable net income of Premier LP for fiscal year 2013, multiplied by Premier, Inc.'s estimated federal, state and local effective tax rate of 39%.

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RISK FACTORS

An investment in our Class A common stock involves a high degree of risk. Before making an investment in our Class A common stock, you should carefully consider the following risks, as well as the other information contained in this prospectus. Any of the risks described below could materially harm our business, financial condition, results of operations and prospects. As a result, the trading price of our Class A common stock could decline, and you may lose part or all of your investment. Some statements in this prospectus, including such statements in the following risk factors, constitute forward-looking statements. See the section entitled "Forward-Looking Statements."

Risks Related to Our Business

We face intense competition, which could limit our ability to maintain or expand market share within our industry, and if we do not maintain or expand our market share our business and operating results will be harmed.

We deliver products and services through two business segments: our supply chain services segment and our performance services segment. The market for our products and services in each segment is fragmented, intensely competitive and characterized by rapidly evolving technology and product standards, user needs and the frequent introduction of new products and services.

The primary competitors to our supply chain services segment are other large GPOs such as Amerinet Inc., HealthTrust Purchasing Group (a subsidiary of HCA Holdings, Inc.), Managed Health Care Associates, Inc., MedAssets, Inc. and Novation LLC. In addition, we compete against certain healthcare provider-owned GPOs in this segment. Our specialty pharmacy competes with Caremark Inc. (owned by CVS Caremark Corporation), Curascript, Inc./Accredo (owned by Express Scripts Holding Co.), Diplomat Specialty Pharmacy and many smaller local specialty pharmacies. Finally, our direct sourcing activities compete primarily with private label offerings/programs, product manufacturers and distributors, such as Cardinal Health, Inc., McKesson Corporation, Medline Industries, Inc. and Owens & Minor, Inc.

The competitors in our performance services segment range from smaller niche companies to large, well-financed and technologically-sophisticated entities. Our primary competitors in this segment include (i) information technology providers such as Allscripts Healthcare Solutions, Inc., Caradigm USA LLC, Cerner Corporation, Epic Systems Corporation, McKesson Corporation, Oracle Corporation and Truven Health Analytics Inc., and (ii) consulting and outsourcing firms such as The Advisory Board Company, Deloitte & Touche LLP, Evolent Health, Inc., Healthagen, LLC (a subsidiary of Aetna, Inc.), Huron Consulting, Inc., Navigant Consulting, Inc. and Optum, Inc. (a subsidiary of UnitedHealth Group, Inc.).

With respect to our products and services across both segments, we compete on the basis of several factors, including breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement through the use of products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors are more established, benefit from greater name recognition, have larger member bases and have substantially greater financial, technical and marketing resources. Other of our competitors have proprietary technology that differentiates their product and service offerings from ours. As a result of these competitive advantages, our competitors and potential competitors may be able to respond more quickly to market forces, undertake more extensive marketing campaigns for their brands, products and services, and make more attractive offers to our members.

With respect to our products and services across both of our segments, we also compete on the basis of price. We may be subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of healthcare industry participants, practices of managed care organizations, government action affecting reimbursement and financial stress experienced by our members. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected.

We cannot be certain that we will be able to retain our current members or expand our member base in this competitive environment. If we do not retain current members or expand our member base, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the healthcare information technology and healthcare industries. If one or more of our competitors or potential competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

Consolidation in the healthcare industry could have a material adverse effect on our business, financial condition and results of operations.

Many healthcare industry participants are consolidating to create larger and more integrated healthcare delivery systems with greater market power. We expect regulatory and economic conditions to force additional consolidation in the healthcare industry in the future. As consolidation accelerates, the economies of scale of our members' organizations may grow. If a member experiences sizable growth following consolidation, it may determine that it no longer needs to rely on us and may reduce its demand for our products and services. Some of these large and growing healthcare systems may choose to contract directly with suppliers for certain supply categories, and some suppliers may seek to contract directly with the healthcare providers rather than with GPOs such as ours. In connection with any consolidation, certain of our members may also move their business to another GPO. In addition, as healthcare providers consolidate to create larger and more integrated healthcare delivery systems with greater market power, these providers may try to use their market power to negotiate fee reductions for our products and services across both of our business segments. Finally, consolidation may also result in the acquisition or future development by our members of products and services that compete with our products and services. Any of these potential results of consolidation could have a material adverse effect on our business, financial condition and results of operations.

We may experience significant delays, or an inability to generate revenues if the sales cycle with potential new members takes longer than anticipated.

A key element of our strategy is to market the various products and services in our supply chain services and performance services segments directly to healthcare providers, such as health systems and acute care hospitals, and to increase the number of our products and services utilized by existing members. The evaluation process is often lengthy and involves significant technical evaluation and commitment of personnel by these organizations. Further, the evaluation process depends on a number of factors, many of which we may not be able to control, including potential new members' internal approval processes, budgetary constraints for technology spending, member concerns about implementing new procurement methods and strategies and other timing effects. If we are unable to sell additional products and services to existing members, or enter into and maintain favorable relationships with other healthcare providers, it could have a material adverse effect on our business, financial condition and results of operations.

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Member participation in our GPO programs may be terminated with limited or no notice and/or without significant termination payments. If our members reduce activity levels or terminate or elect not to renew their contracts, our revenue and results of operations may suffer.

Prior to our Reorganization, we generally provided products and services to our non-owner members participating in our GPO programs under contracts that could be cancelled with limited or no notice and/or without significant termination payments. In addition, we have had, and may in the future have, other members that participate in our GPO programs without a contractual relationship. Therefore, our success in retaining member participation in our GPO programs depends upon our reputation, strong relationships with such members and our ability to deliver consistent, reliable and high quality products and services. We believe that establishing and maintaining a good professional reputation and name recognition are critical for attracting and retaining member participation in our GPO programs. Promotion and enhancement of our name will depend largely on our success in continuing to provide high quality products and services. Therefore, our brand name and reputation will suffer if members do not perceive our products and services to be effective or of high quality or if there are inaccuracies or defects in our solutions. In connection with the Reorganization and this offering, we have entered into new GPO participation agreements, which will become effective upon the completion of the Reorganization and this offering, with all of our member owners existing immediately prior to the completion of the Reorganization. These new GPO participation agreements will generally be terminable at any time by either party, upon one year's prior written notice, in the event of a change of control of the member owner, and will also be terminable for convenience upon one year's prior written notice, at any time after the second anniversary of the beginning of the applicable term, as well as terminable for cause under certain circumstances (including, due to a material breach of the terms of the GPO participation agreement). Also, in the event that a member owner ceases to be a party to a GPO participation agreement (except in certain limited circumstances), Premier LP will have the option to redeem all of such member owner's Class B common units pursuant to the exchange agreement at a purchase price set forth in the LP Agreement. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement."

Members may also seek to reduce, cancel or elect not to renew their contracts due to factors that are beyond our control and are unrelated to our performance, including their business or financial condition, changes in their strategies or business plans or economic conditions in general.

When contracts are reduced, cancelled or not renewed for any reason, we lose the anticipated future revenue associated with such contracts and, consequently, our revenue and results of operations may suffer. Additionally, the loss of any of our members could negatively impact our membership-driven business model strategy.

Our business strategy that involves reducing the prices for certain products and services in our supply chain services segment may not be successful, which could have a material adverse effect on our business, financial condition and results of operations.

In order to maintain and develop new relationships with members in our supply chain services segment, we look for ways to reduce the prices that they pay for products and services. However, success in serving the members by reducing the prices they pay suppliers for products and services will reduce the administrative fees we receive in respect of such transactions that correlate to such prices.

In order to maintain or increase our revenues and margins while implementing these strategies, we would have to increase sales volumes of existing products and services or introduce and sell new products and services in amounts sufficient to compensate for the reduced revenue effect of price reductions. If our competitors in these lines of business similarly reduce or obtain lower prices for their members, as applicable, this may create further challenges. We cannot assure you that our business

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strategies will be successful, which could have a material adverse effect on our business, financial condition and results of operations.

The markets for our non-GPO services and products may develop more slowly than we expect, which could adversely affect our revenue and our ability to maintain or increase our profitability.

While the products and services in our non-GPO lines of business are becoming more accepted, the market for these products and services remains narrowly based, and it is uncertain whether these products and services will achieve and sustain the high levels of demand and market acceptance we anticipate. Our ability to materially grow our revenues and achieve and sustain profitability will be adversely affected if we are unable to generate sufficient revenue from strategic initiatives relating to businesses other than the GPO business, particularly if those businesses do not grow significantly. We are currently focusing on data analytics and other technology opportunities and our success will depend to a substantial extent on the willingness of potential new members, large and small, to increase their use of our SaaS informatics products. Many companies have invested substantial personnel and financial resources to integrate established enterprise software into their businesses and therefore may be reluctant or unwilling to switch to our services. Furthermore, some companies may be reluctant or unwilling to use our services, because they have concerns regarding the risks associated with the security and reliability of, among other things, the technology delivery model associated with these services. If companies do not perceive the benefits of our services, then the market for these services may not expand as much or develop as quickly as we expect, either of which would significantly adversely affect our business, financial condition and results of operations.

Our members are highly dependent on payments from third-party healthcare payors, including Medicare, Medicaid and other government-sponsored programs, and reductions or changes in third-party reimbursement could adversely affect these members and consequently our business.

Our members derive a substantial portion of their revenue from third-party private and governmental payors, including Medicare, Medicaid and other government sponsored programs. Our sales and profitability depend, in part, on the extent to which coverage of and reimbursement for our products and services our members purchase or otherwise obtain through us is available to our members from governmental health programs, private health insurers, managed care plans and other third-party payors. These third-party payors are increasingly using their enhanced bargaining power to secure discounted reimbursement rates and may impose other requirements that adversely impact our members' ability to obtain adequate reimbursement for our products and services.

If third-party payors do not approve products for reimbursement or fail to reimburse for them adequately, our members may suffer adverse financial consequences which, in turn, may reduce the demand for and ability to purchase our products or services. In addition, the Centers for Medicare & Medicaid Services, or CMS, which administers the Medicare and federal aspects of state Medicaid programs, has issued complex rules requiring pharmaceutical manufacturers to calculate and report drug pricing for multiple purposes, including the limiting of reimbursement for certain drugs. These rules generally exclude from the pricing calculation administrative fees paid by drug manufacturers to GPOs to the extent that such fees meet CMS's "bona fide service fee" definition. There can be no assurance that CMS will continue to allow exclusion of GPO administrative fees from the pricing calculation, or that other efforts by payors to limit reimbursement for certain drugs will not have an adverse impact on our business, financial condition and results of operations.

Government actions could also limit government spending generally for the Medicare and Medicaid programs, limit payments to healthcare providers, and increase emphasis on competition and other programs that could have an adverse effect on our members. Specifically, CMS may implement a competitive bidding program for selected items paid for by the Medicare program. We cannot predict which products from any of our businesses will ultimately be affected or whether or when the

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competitive bidding process will be extended to our businesses. The implementation of the competitive bidding program could have an adverse impact on our business, financial condition and results of operations.

We rely on the administrative fees we receive from our GPO suppliers and the failure to maintain contracts with these GPO suppliers could adversely affect our business, financial condition and results of operations. A termination of any relationship or agreement with a GPO supplier could also negatively affect our relationships with our members.

Historically, we have derived a substantial amount of our revenue from the administrative fees that we receive from our GPO suppliers. We maintain contractual relationships with these suppliers who provide products and services to our members at reduced costs and who pay us administrative fees based on the dollars spent by our members for such products and services. Our contracts with these GPO suppliers generally may be terminated upon 90 days' notice. Therefore, we rely heavily on our relationships with our GPO suppliers. Supplier commitment to our GPO has been, and will continue to be, a crucial element to our supply chain services business model. There can be no assurances that our relationships with our suppliers will continue on existing terms or at all. A termination of any relationship or agreement with a GPO supplier would result in the loss of administrative fees pursuant to our arrangement with that supplier, which could adversely affect our business, financial condition and results of operations.

If we cannot demonstrate the ability to increase market share in the healthcare industry for our suppliers through our GPO or other products and services, we may lose negotiating leverage with our contracted suppliers which may result in our inability to maintain our member agreements or win new business. In addition, if we lose a relationship with a GPO supplier we may not be able to negotiate similar arrangements for our members with other suppliers on the same terms and conditions or at all, which could damage our reputation with our members and, in turn, have a material adverse effect on our business, financial condition and results of operations.

If we are unable to maintain our relationships with third-party providers or maintain or enter into new strategic alliances, we may be unable to grow our current base business.

Our business strategy includes entering into and maintaining strategic alliances and affiliations with leading service providers and other GPOs. We work closely with our members to penetrate new product markets and expand our current market capabilities. We may not achieve our objectives through these relationships or through our relationships with our third-party providers or strategic alliances. Many of these companies have multiple relationships and they may not regard us as significant to their business. These companies may pursue relationships with our competitors, develop or acquire products and services that compete with our products and services, experience financial difficulties, be acquired by one of our competitors or other third party or exit the healthcare industry, any of which may adversely affect our relationship with them. In addition, in many cases, these companies may terminate their relationships with us for any reason with limited or no notice. If existing relationships with third-party providers or strategic alliances are adversely impacted or are terminated or we are unable to enter into relationships with leading healthcare service providers and other GPOs, we may be unable to maintain or increase our market presence.

If we are not able to offer new and innovative products and services, we may not remain competitive and our revenue and results of operations may suffer.

Our success depends on providing products and services within our supply chain services and performance services segments that healthcare providers use to improve clinical, financial and operational performance. Our competitors are constantly developing products and services that may become more efficient or appealing to our members. If we cannot adapt to rapidly evolving industry standards, technology and member needs, including changing regulations and provider reimbursement policies, we may be unable to anticipate changes in our current and potential new members' requirements that could make our existing technology obsolete. Additionally, some healthcare information technology providers have begun to incorporate enhanced analytical tools and functionality into their core product and service offerings used by healthcare providers. These developments may adversely impact the demand for our products and services. We must continue to invest significant resources in research and development in order to enhance our existing products and services, maintain or improve our product category rankings and introduce new high quality products and services that members and potential new members will want. Our operating results would also suffer if our innovations are not responsive to the needs of our members or potential new members, are not appropriately timed with market opportunity, or are not effectively brought to market. Many of our existing member relationships are nonexclusive or terminable on short notice, or otherwise terminable after a specified term. If our new or modified product and service innovations are not responsive to member preferences, emerging industry standards or regulatory changes, are not appropriately timed with market opportunity, or are not effectively brought to market, we may lose existing members and be unable to obtain new members and our results of operations may suffer. In addition, cancellation of any of our products and services after implementation has begun may involve loss to us of time, effort, and resources invested in the cancelled implementation as well as lost opportunity for acquiring other members over that same period of time.

We derive a significant portion of our revenues from our largest members.

Our top five members, who are all participants in our group purchasing programs, comprised approximately 16% of our consolidated net revenues for fiscal year 2013. Our largest member, GNYHA Purchasing Alliance, LLC, comprised approximately 5% of our consolidated net revenues for the same period. The sudden loss of any of our members that are participants in our group purchasing programs could materially and adversely affect our operating results. In addition, certain of our top five members are themselves GPOs with their own respective direct contracting relationships, including relationships with some of our other members. The sudden loss of any of these members may also result in increased competition for our supply chain services segment and the loss of any of these additional members could also materially and adversely affect our operating results.

Acquisitions could result in operating difficulties, dilution and other harmful consequences.

Our strategy includes growth through acquisitions. Future acquisitions may not be completed on acceptable terms and acquired assets or businesses may not be successfully integrated into our operations. Any acquisitions or investments will be accompanied by the risks commonly encountered in acquisitions of businesses. Such risks include, among other things:

- paying more than fair market value for an acquired company or assets,
- failing to integrate the operations and personnel of the acquired businesses in an efficient, timely manner,
- assuming potential liabilities of an acquired company,
- managing the potential disruption to our ongoing business,
- distracting management focus from our core businesses,
- having difficulties in identifying and acquiring products, technologies, or businesses that will help our business,
- entering new markets in which we have little to no experience,

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- impairing relationships with employees, members, and strategic partners,
- failing to implement or remediate controls, procedures and policies appropriate for a larger public company at acquired companies that prior to the acquisition lacked such controls, procedures and policies,
- the amortization of purchased intangible assets,
- incurring expenses associated with an impairment of all or a portion of goodwill and other intangible assets due to changes in market conditions, weak economies in certain competitive markets, or the failure of certain acquisitions to realize expected benefits, and
- diluting the share value and voting power of existing stockholders.

The anticipated benefits of our previous acquisitions may not materialize. Future acquisitions or dispositions could result in the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill and other intangible assets, any of which could harm our financial condition. Although we have made acquisitions in the past, we anticipate that acquisitions will play a larger role in our business strategy in the future, and there can be no assurances that any future acquisitions will be successful.

We may become subject to litigation, which could have a material adverse effect on our business, financial condition and results of operations.

We participate in businesses that are subject to substantial litigation. We are periodically involved in litigation, which from time to time may include claims relating to commercial, employment, antitrust, intellectual property or other regulatory matters, among others. If current or future government regulations are interpreted or enforced in a manner adverse to us or our business, specifically those with respect to antitrust or healthcare laws, we may be subject to enforcement actions, penalties, and other material limitations on our business.

We have been named as a defendant in several lawsuits brought by suppliers of medical products. Typically, these lawsuits have alleged the existence of a conspiracy among manufacturers of competing products and operators of GPOs, including us, to deny the plaintiff access to a market for its products. No assurance can be given that we will not be subjected to similar actions in the future or that such matters will be resolved in a manner satisfactory to us or which will not harm our business, financial condition or results of operations.

We may become subject to additional litigation in the future. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having a material adverse effect on our business, financial condition, results of operations, cash flow and per share trading price of the Class A common stock. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract officers and directors.

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Data loss or corruption due to failures or errors in our systems and service disruptions at our data centers may adversely affect our reputation and relationships with existing members, which could have a negative impact on our business, financial condition and results of operations.

Because of the large amount of data that we collect and manage, it is possible that hardware failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain inaccuracies that our members regard as significant. Complex software such as ours may contain errors or failures that are not detected until after the software is introduced or updates and new versions are released. We continually introduce new software and updates and enhancements to our software. Despite testing by us, from time to time we have discovered defects or errors in our software, and such defects or errors may be discovered in the future. Any defects or errors could expose us to risk of liability to members and the government and could cause delays in the introduction of new products and services, result in increased costs and diversion of development resources, require design modifications, decrease market acceptance or member satisfaction with our products and services or cause harm to our reputation.

Furthermore, our members might use our software together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our software does not cause these problems, the existence of these errors might cause us to incur significant costs, divert the attention of our technical personnel from our product development efforts, impact our reputation and lead to significant member relations problems.

Moreover, our internal data centers and service provider locations store and transmit critical member data that is essential to our business. While these locations are chosen for their stability, failover capabilities, and system controls, we do not directly control the continued or uninterrupted availability of every location. In addition to the services we provide from our offices, we are currently in the process of migrating some of our data center operations to third-party data-hosting facilities. Data center facilities are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. They are also subject to break-ins, sabotage, intentional acts of vandalism, and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems could result in lengthy interruptions in our service. These service interruption events could impair our ability to deliver services or deliverables or cause us to miss service level agreements in our agreements with our members, which could negatively affect our ability to retain existing members and attract new members.

If our security measures are breached or fail and unauthorized access is obtained to a member's data, or our members fail to obtain proper permissions for the use and disclosure of information, our services may be perceived as not being secure, members may curtail or stop using our services, and we may incur significant liabilities.

Our services involve the web-based storage and transmission of members' proprietary information and protected health information of patients. Because of the sensitivity of this information, security features of our software are very important. From time to time we may detect vulnerabilities in our systems, which, even if they do not result in a security breach, may reduce member confidence and require substantial resources to address. If our security measures are breached or fail as a result of third-party action, employee error, malfeasance, insufficiency, defective design, or otherwise, someone may be able to obtain unauthorized access to member or patient data. As a result, our reputation could be damaged, our business may suffer, and we could face damages for contract breach, penalties for violation of applicable laws or regulations, and significant costs for remediation and efforts to prevent future occurrences.

We rely upon our members as users of our system for key activities to promote security of the system and the data within it, such as administration of member-side access credential verification and

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control of member-side display of data. On occasion, our members have failed to perform these activities. Failure of members to perform these activities may result in claims against us that this reliance was misplaced, which could expose us to significant expense and harm to our reputation. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose sales and members. In addition, our members may authorize or enable third parties to access their data or the data of their patients on our systems. Because we do not control such access, we cannot ensure the complete propriety of that access or integrity or security of such data in our systems. Any breach of our security could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we require our members in both of our business segments to provide necessary notices and to obtain necessary permissions and waivers for use and disclosure of the information that we receive, and we require contractual assurances from them that they have done so and will do so. If they do not obtain necessary permissions and waivers, then our use and disclosure of information that we receive from them or on their behalf may be limited or prohibited by state or federal privacy laws or other laws. Any such failure to obtain proper permissions and waivers could impair our functions, processes, and databases that reflect, contain, or are based upon such data and may prevent use of such data. In addition, such a failure could interfere with or prevent creation or use of rules and analyses or limit other data-driven activities that benefit us. Moreover, we may be subject to claims or liability for use or disclosure of information by reason of our lack of a valid notice, permission, or waiver. These claims or liabilities could subject us to unexpected costs and adversely affect our business, financial condition and results of operations.

For a more detailed discussion of the risks associated with a failure by us to comply with any of the federal and state standards regarding patient privacy, identity theft prevention and detection and data security, see the risk factor below under " Risks Related to Healthcare Regulation Federal and state privacy, security and breach notification laws may increase the costs of operation and expose us to civil and criminal government sanctions and third-party civil litigation."

Any restrictions on our use of, or ability to license, data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on our business, financial condition and results of operations.

We depend upon licenses from third parties for some of the technology and data used in our applications, and for some of the technology platforms upon which these applications are built and operate, including IBM and 3M. We also obtain a portion of the data that we use from government entities, public records and from our members for specific member engagements. We believe that we have all rights necessary to use the data that is incorporated into our products and services. However, we cannot assure you that our licenses for information will allow us to use that information for all potential or contemplated applications and products. In addition, certain of our informatics products depend on maintaining our data and analytics platform, which is populated with data disclosed to us by our members. If these members revoked their consent for us to maintain, use, de-identify and share this data, consistent with applicable law, our data assets could be degraded.

In the future, data providers could withdraw their data from us or restrict our usage for any reason, including if there is a competitive reason to do so, if legislation is passed restricting the use of the data, or if judicial interpretations are issued restricting use of the data that we currently use in our products and services. In addition, data providers could fail to adhere to our quality control standards in the future, causing us to incur additional expense to appropriately utilize the data. If a substantial number of data providers were to withdraw or restrict their data, or if they fail to adhere to our quality control standards, and if we are unable to identify and contract with suitable alternative data suppliers

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and integrate these data sources into our service offerings, our ability to provide products and services to our members would be materially adversely impacted and it would have a material adverse effect on our business, financial condition and results of operations.

We also integrate into our proprietary applications and use third-party software to maintain and enhance, among other things, content generation and delivery, and to support our technology infrastructure. Some of this software is proprietary and some is open source. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. These technologies may not be available to us in the future on commercially reasonable terms or at all and could be difficult to replace once integrated into our own proprietary applications (although we currently believe this risk is remote given the "off-the-shelf" nature of these licenses and that standard operating procedures and practices utilized by these third parties would generally afford us sufficient time to effectively transition to other readily available sources without significant long-term impact to our business). Most of these licenses can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. Our inability to obtain, maintain or comply with any of these licenses could delay development until equivalent technology can be identified, licensed and integrated, which would harm our business, financial condition and results of operations.

Most of our third-party licenses are non-exclusive and our competitors may obtain the right to use any of the technology covered by these licenses to compete directly with us. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. In addition, if our data suppliers choose to discontinue support of the licensed technology in the future, we might not be able to modify or adapt our own solutions.

We may rely on partners and other third parties to provide members with a single-source solution.

From time to time, we may engage teaming partners or other third parties to provide our members with a single-source solution. For example, through partnerships with leading suppliers such as Verisk Analytics Inc., Phytel Inc. and Activate Networks, Inc., we offer performance improvement collaboratives and clinical, financial and operational SaaS informatics products, such as PopulationFocus, CareFocus, NetworkFocus and QualityAdvisor. While we believe that we perform appropriate due diligence on our teaming partners and other third parties, we cannot guarantee that those parties will comply with the terms set forth in their agreements. We may have disputes with our teaming partners or other third parties arising from the quality and timeliness of their work, member concerns about them or other matters. Performance deficiencies or misconduct by our teaming partners or other third parties could result in a member terminating our contract for default and/or could adversely affect our member relationships. We may be exposed to liability and we and our members may be adversely affected if a teaming partner or other third party fails to meet its contractual obligations.

Our use of "open source" software could adversely affect our ability to sell our products and subject us to possible litigation.

The products or technologies acquired, licensed or developed by us may incorporate so-called "open source" software, and we may incorporate open source software into other products in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General

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Public License, "Apache-style" licenses, "Berkeley Software Distribution," "BSD-style" licenses and other open source licenses. There is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, and therefore the potential impact of these terms on our business is unknown and may result in unanticipated obligations regarding our products and technologies. For example, we may be subjected to certain conditions, including requirements that we offer our products that use particular open source software at no cost to the user, that we make available the source code for modifications or derivative works we create based upon, incorporating or using the open source software, and/or that we license such modifications or derivative works under the terms of the particular open source license.

If an author or other party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal costs defending ourselves against such allegations. If our defenses were not successful, we could be subject to significant damages, be enjoined from the distribution of our products that contained the open source software, and be required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our products. In addition, if we combine our proprietary software with open source software in a certain manner, under some open source licenses we could be required to release the source code of our proprietary software, which could substantially help our competitors develop products that are similar to or better than ours.

Changes in industry pricing benchmarks could materially impact our financial performance.

Contracts in the prescription drug industry, including our contracts with our specialty pharmacy members, generally use "average wholesale price," or AWP, which is published by a third party, as a benchmark to establish pricing for prescription drugs. Various federal and state government agencies and prosecutors, as well as legislators and private litigants, have challenged the use of AWP for prescription drug reimbursement, as well as the manner by which AWP is calculated. In 2011, First DataBank, a significant provider of AWP information, discontinued publishing such information. Other publishers, such as MediSpan, reduced their reported AWP prices. These recent events have raised uncertainties as to whether certain third parties will continue to publish AWP, which may result in the inability of payors, pharmacy providers and others in the prescription drug industry to continue to utilize AWP as it has previously been calculated, or whether other pricing benchmarks will be adopted for establishing pricing within the industry. Due to these uncertainties, we are unable to anticipate what, if any, future impact this will have on our member contracts or our business strategy generally. Therefore, we can give no assurance that the short or long-term impact of such changes to industry pricing benchmarks will not have a material adverse effect on our business, financial condition and results of operations in future periods.

Prescription volumes may decline, and our net revenues and profitability may be negatively impacted, if the safety risk profiles of drugs increase or if drugs are withdrawn from the market, including as a result of manufacturing issues, or if prescription drugs transition to over-the-counter products.

We dispense significant volumes of brand-name and generic drugs from our specialty pharmacies. When increased safety risk profiles or manufacturing issues of specific drugs or classes of drugs result in utilization decreases, physicians may cease writing or otherwise reduce the numbers of prescriptions for these drugs. Additionally, negative press regarding drugs with higher safety risk profiles may result in reduced global consumer demand for such drugs. On occasion, products are withdrawn by their manufacturers or transition to over-the-counter products. In cases where there are no acceptable prescription drug equivalents or alternatives for these prescription drugs, our volumes, net revenues, profitability and cash flows may decline.

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Our ability to grow our specialty pharmacy could be limited if we do not maintain and expand our existing base of drugs, if we lose patients or if manufacturers limit or cease doing business with us.

Our specialty pharmacy focuses on complex and high-cost medications that serve a relatively small patient population. Due to this limited patient population, our future growth relies in part on maintaining and expanding our base of drugs or penetration in certain treatment categories. Sales volumes at our specialty pharmacy could also be negatively impacted due to increases in the safety risk profiles or manufacturing issues of specific drugs, product withdrawals by manufacturers or transitions to over-the-counter products. Any loss of patient base or reduction in demand for any reason for the medications we currently dispense could have a material adverse effect on our business, financial condition and results of operations.

In addition, industry trends may result in health plans contracting with a single provider for specialty pharmacy services and manufacturers limiting their business with regional providers of these services. If we are unable to obtain managed care contracts in the areas in which we provide specialty pharmacy services or are unable to obtain specialty pharmacy products at reasonable costs or at all, our business, financial condition and results of operations could be adversely affected.

Our direct sourcing activities depend on contract manufacturing facilities located in various parts of the world and any physical, financial, regulatory, environmental, labor or operational disruption could result in a reduction in sales volumes and the incurrence of substantial expenditures.

As part of our direct sourcing activities, which are a part of our supply chain services segment, we contract with manufacturing facilities in various parts of the world, including facilities in China, which are subject to operating hazards and interruptions. Operations at these manufacturing facilities could be curtailed or partially or completely shut down, temporarily or permanently, as the result of a number of circumstances, most of which are outside of our control, such as unscheduled maintenance, a major catastrophe such as an earthquake, hurricane, flood, tsunami or other natural disaster, or significant labor strikes, work stoppages, or political unrest. Any significant curtailment of production at these facilities could result in materially reduced revenues and cash flow in our direct sourcing activities. In addition our business practices in international markets are subject to the requirements of the U.S. Foreign Corrupt Practices Act of 1977, as amended, any violation of which could subject us to significant fines, criminal sanctions and other penalties.

A substantial portion of the manufacturing for our direct sourcing activities is conducted in China. As a result, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing and the allocation of resources. Additionally, the facilities in China with which we contract are particularly susceptible to rising labor costs and interruptions as a result of minimum wage laws, scheduling and overtime requirements, labor disputes and strikes.

If we lose key personnel or if we are unable to attract, hire, integrate and retain key personnel, our business would be harmed.

Our future success depends in part on our ability to attract, hire, integrate and retain key personnel. Our future success also depends on the continued contributions of our executive officers and other key personnel, each of whom may be difficult to replace. In particular, Susan D. DeVore, our President and Chief Executive Officer, Michael J. Alkire, our Chief Operating Officer, Craig S. McKasson, our Senior Vice President and Chief Financial Officer, Keith J. Figlioli, our Senior Vice President of Healthcare Informatics, and Durral R. Gilbert, our President of Supply Chain Services are critical to the management of our business and operations and the development of our strategic direction. The loss of services of Ms. DeVore, Mr. Alkire, Mr. McKasson, Mr. Figlioli, Mr. Gilbert or any of our other executive officers or key personnel could have a material adverse effect on our business, financial condition and results of operations. The replacement of any of these key individuals would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives.

Our success also depends upon our ability to identify, hire and retain other highly skilled technical, managerial, editorial, sales, marketing and customer service professionals. Competition for such personnel is intense. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. We cannot be certain of our ability to identify, hire and retain adequately qualified personnel. Failure to identify, hire and retain necessary key personnel could have a material adverse effect on our business, financial condition and results of operations.

If the protection of our intellectual property is inadequate, our competitors may gain access to our technology or confidential information and we may lose our competitive advantage.

Our success as a company depends in part upon our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, copyrights and trademarks, as well as customary contractual protections.

We utilize a combination of internal and external measures to protect our proprietary software and confidential information. Such measures include contractual protections with employees, contractors, members, and partners, as well as U.S. copyright laws.

We protect the intellectual property in our software pursuant to customary contractual protections in our agreements that impose restrictions on our members' ability to use such software, such as prohibiting reverse engineering and limiting the use of copies. We also seek to avoid disclosure of our intellectual property by relying on internal policies applicable to our employees and consultants that acknowledge our ownership of all intellectual property developed by the individual during the course of his or her work with us. These member agreements and internal policies applicable to our employees and consultants also require each person to maintain the confidentiality of all proprietary information disclosed to them. Other parties may not comply with the terms of these agreements and policies, and we may not be able to enforce our rights adequately against these parties. The disclosure to, or independent development by, a competitor of any trade secret, know-how or other technology not protected by a patent could materially adversely affect any competitive advantage we may have over any such competitor.

These protections may not be adequate, and we cannot assure you that they will prevent misappropriation of our intellectual property. Other companies could independently develop similar or competing technology without violating our proprietary rights. The process of enforcing our intellectual property rights through legal proceedings would likely be burdensome and expensive, and our ultimate success cannot be assured. Our failure to adequately protect our intellectual property and proprietary rights could adversely affect our business, financial condition and results of operations.

If we are deemed to infringe, misappropriate or violate the proprietary rights of third parties, we could incur unanticipated expense and be prevented from providing our products and services.

We could be subject to intellectual property infringement, misappropriation or other intellectual property violation claims as our applications' functionality overlaps with competitive products and third parties may claim that we do not own or have rights to use all intellectual property rights used in the conduct of our business. We do not believe that we have infringed or are infringing on any valid or enforceable proprietary rights of third parties. However, we cannot assure you that infringement, misappropriation or claims alleging intellectual property violations will not be asserted against us. Also, we cannot assure you that any such claims will be unsuccessful. We could incur substantial costs and

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diversion of management resources defending any such claims. Furthermore, a party making a claim against us could secure a judgment awarding substantial damages, as well as injunctive or other equitable relief that could effectively block our ability to provide products or services. In addition, we cannot assure you that licenses for any intellectual property of third parties that might be required for our products or services will be available on commercially reasonable terms, or at all. Such claims also might require indemnification of our members at significant expense.

In addition, a number of our contracts with our members contain indemnity provisions whereby we indemnify them against certain losses that may arise from third-party claims that are brought in connection with the use of our products.

Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have limited visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. In addition, third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to our acquisition.

If we are required to collect sales and use taxes on the products and services we sell in certain jurisdictions or intend to sell online, we may be subject to tax liability for past sales, future sales may decrease and our financial condition may be materially and adversely affected.

Rules and regulations applicable to sales and use tax vary significantly by tax jurisdiction. In addition, the applicability of these rules given the nature of our products and services is subject to change.

We may lose sales or incur significant costs should various tax jurisdictions be successful in imposing sales and use taxes on a broader range of products and services than those currently so taxed, including products and services sold online. A successful assertion by one or more taxing authorities that we should collect sales or other taxes on the sale of our solutions could result in substantial tax liabilities for past and future sales, decrease our ability to compete and otherwise harm our business.

In addition, sales tax is currently not imposed on the administrative fees we collect in connection with our GPO programs. If sales tax were imposed in the future on such fees, the profitability of our GPO programs may be materially and adversely affected.

If one or more taxing authorities determines that taxes should have, but have not, been paid with respect to our products and services, including products and services sold online, we may be liable for past taxes in addition to taxes going forward. Liability for past taxes may also include very substantial interest and penalty charges. If we are required to collect and pay back taxes (and the associated interest and penalties) and if our members fail or refuse to reimburse us for all or a portion of these amounts, we will have incurred unplanned costs that may be substantial. Moreover, imposition of such taxes on our services going forward will effectively increase the cost of such services to our members and may adversely affect our ability to retain existing members or to gain new members in the areas in which such taxes are imposed.

We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties, and our own systems for providing services to our users, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation and negatively impact our relationships with users, adversely affecting our brand and our business.

Our ability to deliver our performance services segment products is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, and security for providing reliable Internet access and services and reliable telephone, facsimile, and pager systems. Our services are designed to operate without interruption in accordance

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with our service level commitments. However, we have experienced and expect that we will experience interruptions and delays in services and availability from time to time. We rely on internal systems as well as third-party suppliers, including bandwidth and telecommunications equipment providers, to provide our services. We are also currently in the process of migrating some of our data center operations to third-party data-hosting facilities. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with users. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss, and other natural disasters,
- communications failures,
- software and hardware errors, failures, and crashes,
- security breaches, computer viruses, and similar disruptive problems, and
- other potential interruptions.

Any disruption in the network access, telecommunications, or co-location services provided by these third-party providers or any failure of or by these third-party providers or our own systems to handle current or higher volume of use could significantly harm our business. We exercise limited control over these third-party suppliers, which increases our vulnerability to problems with services they provide. Any errors, failures, interruptions, or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with users and adversely affect our business and could expose us to third-party liabilities. Although we maintain insurance for our business, the coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of the Internet may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services.

We may need to obtain additional financing which may not be available or, if it is available, may result in a reduction in the percentage ownership of our then-existing stockholders.

We may need to raise additional funds in order to:

- finance unanticipated working capital requirements,
- develop or enhance our technological infrastructure and our existing products and services,
- fund strategic relationships,
- respond to competitive pressures, and
- acquire complementary businesses, technologies, products or services.

Additional financing may not be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, our ability to fund our expansion strategy, take advantage of unanticipated opportunities, develop or enhance technology or services or otherwise respond to competitive pressures would be significantly limited. If we raise additional funds by issuing equity or convertible debt securities, the percentage ownership of our then-existing stockholders may be reduced, and holders of these securities may have rights, preferences or privileges senior to those of our then-existing stockholders.

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Our future indebtedness could adversely affect our business and our liquidity position.

On December 16, 2011, we entered into a three-year $100 million senior secured revolving credit facility, which includes an accordion feature granting us the ability to increase the size of the facility by an additional $100 million on terms and conditions mutually acceptable to the parties. As of September 25, 2013, we had $60 million in principal amount outstanding under this credit facility.

Nonetheless, our indebtedness may increase from time to time in the future for various reasons, including fluctuations in operating results, capital expenditures and potential acquisitions. Any indebtedness we incur and restrictive covenants contained in the agreements related thereto could:

- make it difficult for us to satisfy our obligations, including making interest payments on our debt obligations,
- limit our ability to obtain additional financing to operate our business,
- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund capital expenditures and working capital and other general operational requirements,
- limit our flexibility to plan for and react to changes in our business and the healthcare industry,
- place us at a competitive disadvantage relative to some of our competitors that have less debt than us,
- limit our ability to pursue acquisitions, and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy.

The occurrence of any one of these events could have a material adverse effect on our business, financial condition and results of operations or cause a significant decrease in our liquidity and impair our ability to pay amounts due on our indebtedness.

In addition, our senior secured revolving credit facility contains, among other things, restrictive covenants that will limit our and our subsidiaries' ability to finance future operations or capital needs or to engage in other business activities. The credit facility restricts, among other things, our ability and the ability of our subsidiaries to incur additional indebtedness or issue guarantees, create liens on our assets, make distributions on or redeem equity interests, make investments, transfer or sell properties or other assets, and engage in mergers, consolidations or acquisitions. In addition, the credit facility requires us to meet specified financial ratios and tests. For additional information regarding our senior secured revolving credit facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Contractual Obligations."

Our cash flows, quarterly revenues and results of operations have fluctuated in the past and may continue to fluctuate in the future as a result of certain factors, some of which may be outside of our control.

Certain of our member contracts contain terms that result in revenue that is deferred and cannot be recognized until the occurrence of certain events. For example, accounting principles do not allow us to recognize revenue associated with the implementation of certain products and services in our performance services segment until the implementation has been completed, at which time we begin to recognize revenue over the life of the contract or the estimated remaining member relationship period, whichever is longer. As a result, the period of time between contract signing and recognition of associated revenue may be lengthy, and we are not able to predict with certainty the period in which implementation will be completed.

Certain of our member agreements provide for guaranteed levels of savings in which some portion or all of our fees are at risk and refundable if our products and services do not result in the achievement of these financial performance targets. The amount of guaranteed savings in the member agreements in place on June 30, 2013 represent approximately 6% of our net revenue in the event that

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no savings are identified. These member agreements are reviewed and approved by the member agreement review committee of our board of directors, which is comprised of our independent directors and our president and chief executive officer, in order to manage and protect potential conflict of interest issues with member owners. If we are unable to meet or exceed savings guarantee levels, we may be required to pay any difference between savings that were guaranteed and the savings, if any, which were actually achieved. To the extent that any revenue is subject to contingency for the non-achievement of a performance target, we only recognize revenue upon member confirmation that the financial performance targets have been achieved. If a member fails to provide such confirmation in a timely manner, our ability to recognize revenue will be delayed. Additionally, certain of our contracts include the potential for a payment based on a percentage achieved on certain financial performance targets, which we may or may not earn when expected or at all.

Our group purchasing services rely on participating suppliers to provide periodic reports of their sales volumes to our members and resulting administrative fees to us. If a supplier fails to provide such reporting in a timely and accurate manner, our ability to recognize administrative fees revenue will be delayed or prevented.

Certain of our fees are based on timing and volume of member invoices processed and payments received, which are often dependent upon factors outside of our control.

Other fluctuations in our quarterly results of operations may be due to a number of other factors, some of which are not within our control, including:

- our ability to offer new and innovative products and services,
- regulatory changes, including changes in the healthcare laws,
- unforeseen legal expenses, including litigation and settlement costs,
- the purchasing and budgeting cycles of our members,
- the lengthy sales cycles for our products and services, which may cause significant delays or an inability to generate revenues,
- pricing pressures with respect to our future sales,
- the timing and success of our or our competitors' new product and service offerings,
- member decisions, especially those involving our larger member relationships, regarding renewal or termination of their contracts,
- the amount and timing of operating costs related to the maintenance and expansion of our business, operations and infrastructure,
- the amount and timing of costs related to the development, adaptation or acquisition of technologies or businesses,
- the financial condition of our current and potential new members, and
- general economic, industry and market conditions and those conditions specific to the healthcare industry.

We base our expense levels in part upon our expectations concerning future revenue, and these expense levels are relatively fixed in the short term. If we have lower revenue than expected, we may not be able to reduce our spending in the short term in response. Any significant shortfall in revenue would have a direct and material adverse impact on our business, financial condition and results of operations. We believe that our quarterly results of operations may vary significantly in the future and that period-to-period comparisons of our results of operations may not be meaningful. You should not rely on the results of one quarter as an indication of future performance. If our quarterly results of operations fall below the expectations of securities analysts or investors, the price of the Class A common stock could decline substantially. In addition, any adverse impacts on the Class A common stock may harm the overall reputation of our organization, cause us to lose members and impact our ability to raise additional capital in the future.

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Risks Related to Healthcare Regulation

The healthcare industry is highly regulated. Any material changes in the political, economic or regulatory healthcare environment that affect the GPO business or the purchasing practices and operations of healthcare organizations, or that lead to consolidation in the healthcare industry, could require us to modify our services or reduce the funds available to providers to purchase our products and services.

Our business, financial condition and results of operations depend upon conditions affecting the healthcare industry generally and hospitals and health systems particularly. Our ability to grow will depend upon the economic environment of the healthcare industry generally as well as our ability to increase the number of programs and services that we sell to our members. The healthcare industry is highly regulated by federal and state authorities and is subject to changing political, economic and regulatory influences. Factors such as changes in reimbursement policies for healthcare expenses, consolidation in the healthcare industry, regulation, litigation and general economic conditions affect the purchasing practices, operations and the financial health of healthcare organizations. In particular, changes in regulations affecting the healthcare industry, such as increased regulation of the purchase and sale of medical products, or restrictions on permissible discounts and other financial arrangements, could require us to make unplanned modifications of our products and services, result in delays or cancellations of orders or reduce funds and demand for our products and services.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, or PPACA, amended by the Health Care and Education and Reconciliation Act of 2010, collectively referred to as the Affordable Care Act. The Affordable Care Act is a sweeping measure designed to expand access to affordable health insurance, control healthcare spending, and improve healthcare quality. The law includes provisions to tie Medicare provider reimbursement to healthcare quality and incentives, mandatory compliance programs, enhanced transparency disclosure requirements, increased funding and initiatives to address fraud and abuse, and incentives to state Medicaid programs to promote community-based care as an alternative to institutional long-term care services. In addition, the law provides for the establishment of a national voluntary pilot program to bundle Medicare payments for hospital and post-acute services, which could lead to changes in the delivery of healthcare services. Likewise, many states have adopted or are considering changes in healthcare policies in part due to state budgetary shortfalls. Regulations for implementing many provisions of the Affordable Care Act are being released on an ongoing basis, and we do not know what effect the federal Affordable Care Act or any state law proposals may have on our business.

If we fail to comply with federal and state laws governing financial relationships among healthcare providers and submission of false or fraudulent claims to government healthcare programs, we may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs.

We are subject to federal and state laws and regulations designed to protect patients, governmental healthcare programs and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex and their application to our specific products, services and relationships may not be clear and may be applied to our business in ways that we do not anticipate. Federal and state regulatory and law enforcement authorities have over time increased enforcement activities with respect to Medicare and Medicaid fraud and abuse regulations and other reimbursement laws and rules. From time to time we and others in the healthcare industry have received inquiries or requests to produce documents in connection with such activities. We could be required to expend significant time and resources to comply with these requests, and the attention of our management team could be diverted to these efforts. Furthermore, if we are found to be in violation of any federal or state fraud and abuse laws, we could be subject to civil and criminal penalties, and we could be excluded from participating in federal and state healthcare programs such as Medicare and Medicaid. The occurrence of any of these events could significantly harm our business and financial condition.

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Provisions in Title XI of the Social Security Act, commonly referred to as the federal Anti-Kickback Statute, prohibit the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in return for the referral of patients or arranging for the referral of patients, or in return for the recommendation, arrangement, purchase, lease or order of items or services that are covered, in whole or in part, by a federal healthcare program such as Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to influence the purchase, lease or ordering of healthcare items and services regardless of whether the item or service is covered under a governmental health program or private health plan. Certain statutory and regulatory safe harbors exist that protect specified business arrangements from prosecution under the Anti-Kickback Statute if all elements of an applicable safe harbor are met, however these safe harbors are narrow and often difficult to comply with. Congress has appropriated an increasing amount of funds in recent years to support enforcement activities aimed at reducing healthcare fraud and abuse. We cannot assure you that our arrangements will be protected by such safe harbors or that such increased enforcement activities will not directly or indirectly have an adverse effect on our business, financial condition or results of operations. Any determination by a state or federal agency that any of our activities or those of our suppliers or members, violate any of these laws could subject us to civil or criminal penalties, could require us to change or terminate some portions of our operations or business, or could disqualify us from providing services to healthcare providers doing business with government programs, and, thus could have a material adverse effect on our business, financial condition and results of operations.

In 2005, the Department of Health and Human Services, or HHS, Office of Inspector General conducted an extensive audit of the business practices of three GPOs, including us, and published a report indicating that of the $1.8 billion in administrative fees that these GPOs collected over a four-year period, $1.3 billion exceeded their operating expenses. Of this amount, $898 million was returned to hospitals. The report found certain deficiencies in the manner in which the hospitals reflected these fees on their cost reports to Medicare. The HHS Office of Inspector General took no enforcement action against us or, to our knowledge, either of the other GPOs. The report did not identify any of our business practices, or relationships with suppliers or our members, which in its view violated the Anti-Kickback Statute. In response to these findings, the HHS Office of Inspector General recommended that CMS provide specific guidance on the proper treatment on Medicare cost reports of revenue distributions received from GPOs. CMS issued an update to its provider reimbursement manual in December 2011 specifying that these distributions must be properly accounted for on such cost reports. The 2005 report and subsequent CMS guidance suggest that the various forms of value received by our U.S. hospital members and health system member owners in connection with or related to the Reorganization and this offering (including, without limitation, increases in the fair market value of equity held by such member owners, proceeds from the purchase of Class B common units from such member owners immediately following this offering and as a result of subsequent exchanges, Premier LP cash distributions, administrative fee revenue share paid by Premier LP to our members based upon their member facilities' purchases through GPO supplier contracts and payments under the tax receivable agreement) should be appropriately reflected in their cost reports to Medicare, and we have sought to structure those arrangements so that they can be appropriately reflected. Our members that report their costs to Medicare are required under the terms of the Premier Group Purchasing Policy to appropriately reflect all elements of value received in connection with the Reorganization and this offering on their cost reports. We are required to furnish applicable reports to such members setting forth the amount of such value, to assist their compliance with such cost reporting requirements. We cannot assure you, however, that the HHS Office of Inspector General or the U.S. Department of Justice, or DOJ, would concur with such approach. Any determination by a state or federal agency that the provision of such forms of value violate any of these laws could subject us to civil or criminal

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penalties, could require us to change or terminate some portions of our operations or business, or could disqualify us from providing services to healthcare providers doing business with government programs, and, thus could have a material adverse effect on our business, financial condition and results of operations.

In the lead-up to this offering, we received correspondence from one of our major GPO competitors expressing concern that the manner in which our proposed initial public offering was explained to our current and prospective member owners could violate the Anti-Kickback Statute. One letter attached a brief analysis prepared by the competitor's outside counsel, which concluded that the opportunity to participate in our initial public offering could constitute a form of remuneration for purposes of the Anti-Kickback Statute and that if the other requisite elements of an Anti-Kickback Statute violation were present, the extension by us of such opportunity could violate the Anti-Kickback Statute. We believe that our discussions with current and prospective member owners regarding the possibility that we would undertake an initial public offering were conducted in compliance with the Anti-Kickback Statute and other applicable laws. However, no assurance can be given that enforcement authorities will agree with our assessment. Although a process exists for requesting advisory opinions from the HHS Office of Inspector General regarding compliance of particular arrangements with the Anti-Kickback Statute, we have not sought such an opinion and do not believe that the issues raised in the competitor's correspondence are capable of being addressed in an advisory opinion since the content and specifics of each discussion would be at issue. Any determination by a state or federal agency that the manner in which the opportunity to participate in this offering was presented to our member owners and prospective member owners, either in of itself or when viewed in conjunction with the requirements for ownership in Premier LP and participation in our group purchasing program or the various forms of value received by our member owners in connection with or related to this offering, violated any of these laws could subject us to civil or criminal penalties, could require us to change or terminate some portions of our operations or business, or could disqualify us from providing services to healthcare providers doing business with government programs, and, thus could have a material adverse effect on our business, financial condition and results of operations.

On July 23, 2013, the HHS Office of Inspector General published Advisory Opinion 13-09 addressing a transaction proposed to be undertaken by the competitor referred to in the preceding paragraph. Under this proposal, the competitor, which is a publicly-traded company, would issue stock to certain of its current and prospective customers in exchange for the customers' agreement to extend or enter into a five- to seven-year contract that would require the customer to commit not to decrease its historical level of purchases through the competitor's GPO supplier contracts over the term of the contract and to agree to a reduction in the percentage of administrative fee revenue share paid by the competitor to such customer on an annual basis. The amount of stock given to each customer would be equal to the amount of the reduction in revenue share due to the customer over the term of the contract. The HHS Office of Inspector General concluded that the competitor's proposed transaction could potentially generate prohibited remuneration under the Anti-Kickback Statute and that the HHS Office of Inspector General could potentially impose administrative sanctions on the competitor in connection with the arrangement. The HHS Office of Inspector General first noted that the granting of stock to customers would not fit within the discount safe harbor and therefore must be assessed based on the totality of the facts and circumstances. The HHS Office of Inspector General then observed that when a GPO passes through administrative fees to its customers, such fees could be treated as discounts on the price of goods sold by the vendors and the GPO and its customers could meet the reporting and other requirements of the discount safe harbor. This in turn could reduce costs to federal healthcare programs. The HHS Office of Inspector General asserted that the competitor's proposed arrangement, to the contrary, would result in a portion of a customer's revenue share, which would otherwise be reflected as a reduction in expense on the customer's cost reports, being exchanged for stock which would have no potential to benefit payors, including federal healthcare programs. The HHS Office of Inspector General cited three additional factors which, in its view, increase the risk of

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fraud and abuse posed by the competitor's proposed transaction: (i) the customers receiving stock would be required to extend their contracts (or enter into new contracts) with the competitor's GPO for five to seven years; (ii) the stock granted by the competitor would be tied to the customers' past purchases; and (iii) customers would not be permitted to decrease their volume of purchases through the competitor's group purchasing contracts. In the HHS Office of Inspector General's view, the combination of these three factors would result in customers potentially being rewarded with stock based upon their past referrals and being locked into long-term contracts under which they would be forced to maintain historical purchasing levels for an extended period of time regardless of whether the competitor is getting them the best prices. We believe that the terms of the Reorganization are distinguishable from those described in Advisory Opinion 13-09. However, the Reorganization does not fall within any safe harbor to the Anti-Kickback Statute and no assurance can be given that the HHS Office of Inspector General or other regulators or enforcement authorities will agree with our assessment. Any determination by a state or federal agency that the terms of our Reorganization or our relationship with our members violate the Anti-Kickback Statute or any other federal or state laws could subject us to civil or criminal penalties, could require us to change or terminate some portions of our operations or business, or could disqualify us from providing services to healthcare providers doing business with government programs, and, thus could have a material adverse effect on our business, financial condition and results of operations.

Our business is also subject to numerous federal and state laws that forbid the submission or "causing the submission" of false or fraudulent information or the failure to disclose information in connection with the submission and payment of claims for reimbursement to Medicare, Medicaid, other federal healthcare programs or private health plans. In particular, the False Claims Act, or FCA, prohibits a person from knowingly presenting or causing to be presented a false or fraudulent claim for payment or approval by an officer, employee or agent of the United States. In addition, the FCA prohibits a person from knowingly making, using, or causing to be made or used a false record or statement material to such a claim. Violations of the FCA may result in treble damages, significant monetary penalties, and other collateral consequences including, potentially, exclusion from participation in federally funded healthcare programs. The scope and implications of the amendments to the FCA pursuant to the Fraud Enforcement and Recovery Act of 2009, or FERA, have yet to be fully determined or adjudicated and as a result it is difficult to predict how future enforcement initiatives may impact our business. If enforcement authorities find that we have violated the FCA, it could have a material adverse effect on our business, financial condition and results of operations. Pursuant to the 2010 healthcare reform legislation, a claim that includes items or services resulting from a violation of the Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA.

These laws and regulations may change rapidly and it is frequently unclear how they apply to our business. Errors in claims submitted by our specialty pharmacies and pharmacy benefits management businesses, as well as errors created by our products or advisory services that relate to entry, formatting, preparation or transmission of claim or cost report information by our members may be determined or alleged to be in violation of these laws and regulations. Any failure of our businesses or our products or services to comply with these laws and regulations, or the assertion that any of our relationships with suppliers or members violated the Anti-Kickback Statute and therefore caused the submission of false or fraudulent claims, could (i) result in substantial civil or criminal liability, (ii) adversely affect demand for our services, (iii) invalidate all or portions of some of our member contracts, (iv) require us to change or terminate some portions of our business, (v) require us to refund portions of our services fees, (vi) cause us to be disqualified from serving members doing business with government payors, and (vii) have a material adverse effect on our business, financial condition and results of operations.

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If current or future antitrust laws and regulations are interpreted or enforced in a manner adverse to us or our business, we may be subject to enforcement actions, penalties, and other material limitations on our business.

We are subject to federal and state laws and regulations designed to protect competition which, if enforced in a manner adverse to us or our business, could have a material adverse effect on our business, financial condition and results of operations. The group purchasing industry has previously been under review by members of the U.S. Senate with respect to antitrust laws. In 2002, the U.S. Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights conducted a series of hearings concerning the activities of GPOs, including us. As a response to the Senate Subcommittee inquiry, we and other operators of GPOs formed the Healthcare Supply Chain Association (formerly the Healthcare Industry Group Purchasing Association), or HSCA, which developed a code of conduct to assure compliance with ethical and legal standards, including the antitrust laws. In addition, in 2002 we adopted our own Code of Conduct in consultation with a leading ethicist. As part of these Senate investigations, the U.S. General Accounting Office, or GAO, published two reports. The first report included an examination of GPO pricing. The second report investigated contracting practices used by GPOs with regard to administrative fees, sole source contracts and bundling arrangements and discussed the various codes of conduct implemented by the GPOs to address these practices.

On August 11, 2009, we and several other operators of GPOs received a letter from Senators Charles Grassley, Herb Kohl and Bill Nelson requesting information concerning the different relationships between and among us and our members, distributors, manufacturers and other suppliers, and requesting certain information about the services we perform and the payments we receive in connection with our GPO programs. On September 25, 2009, we and several other operators of GPOs received a request for information from the GAO, also concerning our services and relationships with our members in connection with our GPO programs. Subsequently, we and other operators of GPOs received follow-up requests for additional information. We fully complied with all of these requests. On September 27, 2010, the GAO released a report titled "Group Purchasing Organizations Services Provided to Customers and Initiatives Regarding Their Business Practices." On that same day, the Minority Staff of the U.S. Senate Finance Committee released a report titled "Empirical Data Lacking to Support Claims of Savings with Group Purchasing Organizations." On March 30, 2012, the GAO released a report titled "Group Purchasing Organizations Federal Oversight and Self-Regulation."

Congress, the DOJ, the Federal Trade Commission, or FTC, the U.S. Senate or another state or federal entity could at any time open a new investigation of the group purchasing industry, or develop new rules, regulations or laws governing the industry, that could adversely impact our ability to negotiate pricing arrangements with suppliers, increase reporting and documentation requirements, or otherwise require us to modify our arrangements in a manner that adversely impacts our business, financial condition and results of operations. We may also face private or government lawsuits alleging violations arising from the concerns articulated by these governmental actors.

During the past 15 years, we have been named as a defendant in lawsuits brought by suppliers of medical products. Typically, these lawsuits have alleged the existence of a conspiracy among manufacturers of competing products and operators of GPOs, including us, to deny the plaintiff access to a market for its products. No such litigation is currently pending. No assurance can be given that we will not be subjected to similar actions in the future or that such matters will be resolved in a manner satisfactory to us or which will not harm our business, financial condition or results of operations.

We cannot guarantee that the antitrust laws will ultimately be enforced in a manner consistent with our interpretation. If we are found to be in violation of the antitrust laws we could be subject to civil and criminal penalties. The occurrence of any of these events could significantly harm our business, financial condition and results of operations.

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Potential healthcare reform and new regulatory requirements placed on our software, services and content could impose increased costs on us, delay or prevent our introduction of new services types and impair the function or value of our existing service offerings.

Our services may be significantly impacted by healthcare reform initiatives and could be subject to increasing regulatory requirements, either of which could affect our business in a multitude of ways. If additional substantive healthcare reform or applicable regulatory requirements are adopted, we may have to change or adapt our services and software to comply. Reform or changing regulatory requirements may also render our services obsolete or may block us from accomplishing our work or from developing new services. This may in turn impose additional costs upon us to adapt to the new operating environment or to further develop services or software. Such reforms may also make introduction of new service offerings more costly or more time-consuming than we currently anticipate. Such changes may even prevent introduction by us of new services or make the continuation of our existing services unprofitable or impossible.

Federal and state privacy, security and breach notification laws may increase the costs of operation and expose us to civil and criminal government sanctions and third-party civil litigation.

We must comply with extensive federal and state requirements regarding the use, retention, security and re-disclosure of patient/beneficiary healthcare information. The Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations that have been issued under it, which we refer to collectively as HIPAA, contain substantial restrictions and requirements with respect to the use and disclosure of individually identifiable health information, referred to as "protected health information." The HIPAA Privacy Rule prohibits a covered entity or a business associate (essentially, a third party engaged to assist a covered entity with enumerated operational and/or compliance functions) from using or disclosing protected health information unless the use or disclosure is validly authorized by the individual or is specifically required or permitted under the Privacy Rule and only if certain complex requirements are met. In addition to establishing these complex requirements, covered entities and business associates must also meet additional compliance obligations set forth in the Privacy Rule. In addition, the HIPAA Security Rule establishes administrative, organization, physical and technical safeguards to protect the privacy, integrity and availability of electronic protected health information maintained or transmitted by covered entities and business associates. The HIPAA Security Rule requirements are intended to mandate that covered entities and business associates regularly reassess the adequacy of their safeguards in light of changing and evolving security risks. Finally, the HIPAA Breach Notification Rule requires that covered entities and business associates, under certain circumstances, notify patients/beneficiaries and HHS when there has been an improper use or disclosure of protected health information.

Our specialty pharmacy, our self-funded health benefit plan, and our healthcare provider members (provided that these members engage in HIPAA-defined standard electronic transactions with health plans, which will be all or the vast majority) are directly regulated by HIPAA as "covered entities." Additionally, because most of our U.S. hospital members disclose protected health information to us so that we may use that information to provide certain data analytics, benchmarking, advisory or other operational and compliance services to these members, we are a "business associate" of those members. In these cases, in order to provide members with services that involve the use or disclosure of protected health information, HIPAA require us to enter into "business associate agreements" with our covered entity members. Such agreements must, among other things, provide adequate written assurances:

- as to how we will use and disclose the protected health information within certain allowable parameters established by HIPAA,

- that we will implement reasonable administrative, organizational, physical and technical safeguards to protect such information from misuse,
- that we will enter into similar agreements with our agents and subcontractors that have access to the information,
- that we will report security incidents and other inappropriate uses or disclosures of the information, and
- that we will assist the covered entity with certain of its duties under HIPAA.

With the enactment of the HITECH Act, the privacy and security requirements of HIPAA were modified and expanded. The HITECH Act applies certain of the HIPAA privacy and security requirements directly to business associates of covered entities. Prior to this change, business associates had contractual obligations to covered entities but were not subject to direct enforcement by the federal government. On January 17, 2013, HHS released final rules implementing the HITECH Act changes to HIPAA. These amendments expand the protection of protected health information by, among other things, imposing additional requirements on business associates, further restricting the disclosure of protected health information in certain cases when the disclosure is part of a remunerated transaction, and modifying the HIPAA Breach Notification Rule, which has been in effect since September 2009, to create a rebuttable presumption that any improper use or disclosure of protected health information requires notice to affected patients/beneficiaries and HHS. The 2013 final rule became effective on March 26, 2013 and the compliance date for most provisions is September 23, 2013. The modifications to the HIPAA Breach Notification Rule requirements are currently effective and being enforced.

Any failure or perceived failure of our products or services to meet HIPAA standards and related regulatory requirements could expose us to certain notification, penalty and/or enforcement risks, could adversely affect demand for our products and services, and force us to expend significant capital, research and development and other resources to modify our products or services to address the privacy and security requirements of our members and HIPAA.

In addition to our obligations under HIPAA there are other federal laws that impose specific privacy and security obligations, above and beyond HIPAA, for certain types of health information and impose additional sanctions and penalties. These rules are not preempted by HIPAA. Finally, most states have enacted patient and/or beneficiary confidentiality laws that protect against the disclosure of confidential medical information, and many states have adopted or are considering adopting further legislation in this area, including privacy safeguards, security standards, data security breach notification requirements, and special rules for so-called "sensitive" health information, such as mental health, genetic testing results, or HIV status. These state laws, if more stringent than HIPAA requirements, are not preempted by the federal requirements, and we are required to comply with them as well.

We are unable to predict what changes to HIPAA or other federal or state laws or regulations might be made in the future or how those changes could affect our business or the associated costs of compliance. For example, the federal Office of the National Coordinator for Health Information Technology, or ONCHIT, is coordinating the development of national standards for creating an interoperable health information technology infrastructure based on the widespread adoption of electronic health records in the healthcare sector. We are yet unable to predict what, if any, impact the creation of such standards and the further developments at ONCHIT will have on the necessary specifications or demand for our products, services, or on associated compliance costs.

Failure by us to comply with any of the federal and state standards regarding patient privacy, identity theft prevention and detection and data security may subject us to penalties, including civil monetary penalties and in some circumstances, criminal penalties. In addition, such failure may injure our reputation and adversely affect our ability to retain members and attract new members.

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HIPAA also mandates format, data content and provider identifier standards that must be used in certain electronic transactions, such as claims, payment advice and eligibility inquiries. Although our systems are fully capable of transmitting transactions that comply with these requirements, some payers and healthcare clearinghouses with which we conduct business may interpret HIPAA transaction requirements differently than we do or may require us to use legacy formats or include legacy identifiers as they make the transition to full compliance. In cases where payers or healthcare clearinghouses require conformity with their interpretations or require us to accommodate legacy transactions or identifiers as a condition of successful transactions, we attempt to comply with their requirements, but may be subject to enforcement actions as a result. In January 2009, CMS published a final rule adopting updated standard code sets for diagnoses and procedures known as ICD-10 code sets. A separate final rule also published by CMS in January 2009 resulted in changes to the formats to be used for electronic transactions subject to the ICD-10 code sets, known as Version 5010. As of March 31, 2012, healthcare providers are required to comply with Version 5010. Use of the ICD-10 code sets is not mandated until October 1, 2014. We are actively working to make the proper modifications in preparation for the implementation of ICD-10. We may not be successful in responding to these changes and any changes in response that we make to our transactions and software may result in errors or otherwise negatively impact our service levels. We may also experience complications in supporting members that are not fully compliant with the revised requirements as of the applicable compliance date.

Our group purchasing, specialty pharmacy and direct sourcing activities can be adversely affected by product safety concerns and regulation.

Most of the products offered through our GPO supplier contracts, specialty pharmacies and direct sourcing activities are subject to direct regulation by federal and state governmental agencies. We rely upon suppliers who use our services to meet all quality control, packaging, distribution, labeling, hazard and health information notice, record keeping and licensing requirements. In addition, we rely upon the carriers retained by our suppliers to comply with regulations regarding the shipment of any hazardous materials.

We cannot guarantee that the suppliers are in compliance with applicable laws and regulations. If suppliers or the providers with whom we do business have failed, or fail in the future, to adequately comply with relevant laws or regulations, we could become involved in governmental investigations or private lawsuits concerning these regulations. If we were found to be legally responsible in any way for such failure, we could be subject to injunctions, penalties or fines which could have an adverse effect on our business, financial condition and results of operations. Furthermore, any such investigation or lawsuit could cause us to expend significant resources and divert the attention of our management team, regardless of the outcome, and thus could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Structure

Premier, Inc. is a holding company with no operations of its own, and it will depend on distributions from Premier LP to pay taxes, make payments under the tax receivable agreement or pay any cash dividends on our Class A common stock.

Premier, Inc. is a holding company with no operations of its own and it currently has no independent ability to generate revenue. Consequently, its ability to obtain operating funds currently depends upon distributions from Premier LP to Premier GP and from Premier GP to Premier, Inc. In accordance with the LP Agreement, subject to applicable law or regulation and the terms of Premier LP's financing agreements, Premier GP will cause Premier LP to make quarterly distributions out of its estimated taxable net income to Premier GP and to the holders of Class B common units as a class in an aggregate amount equal to Premier LP's total taxable income for each such quarter multiplied by the effective combined federal, state and local income tax rate then payable by Premier, Inc. to facilitate payment by each Premier LP partner of taxes, if required, on its share of taxable income of Premier LP. In addition, in accordance with the LP Agreement, Premier GP may cause Premier LP to make additional distributions to Premier GP and to the holders of Class B common units as a class in proportion to their respective number of units, subject to any applicable restrictions under Premier LP's financing agreements or applicable law. Premier GP will distribute any amounts it receives from Premier LP to Premier, Inc., which Premier, Inc. will use to (i) pay applicable taxes, (ii) meet its obligations under the tax receivable agreement, and (iii) meet its obligations to the member owners under the exchange agreement if they elect to convert their Class B common units for shares of our Class A common stock and we elect to pay some or all of the consideration to such member owners in cash.

In addition, pursuant to the GPO participation agreements, Premier LP will be contractually required to pay each member owner revenue share from Premier LP equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts. Additionally, our two largest regional GPO member owners, which represented approximately 17% of our gross administrative fee revenue for fiscal year 2013, will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us. Finally, certain non-owner members have historically operated under, and following the completion of the Reorganization and this offering, will continue to operate under, contractual relationships that provide for a specific revenue share that differs from the 30% revenue share that we will provide to our member owners under the GPO participation agreements following the Reorganization and this offering. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement."

To the extent that Premier, Inc. needs funds, and Premier LP is restricted from making such distributions under applicable law or regulation or under the terms of our senior secured revolving credit facility, or is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition. The declaration and payment of future dividends by us will be at the discretion of our board of directors and will depend on, among other things, our operating results and cash flow from Premier LP's operations, our strategic plans and such other factors as our board of directors considers to be relevant. In addition, Premier LP is generally prohibited under Delaware law from making a distribution to a partner to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of the limited partnership (with certain exceptions) exceed the fair value of its assets.

Different interests among our member owners or between our member owners and us, including with respect to related party transactions, could prevent us from achieving our business goals.

For the foreseeable future, we expect that a majority of our board of directors will include directors and executive officers of our member owners and other directors who may have commercial relationships with our member owners. Certain of our member owners could have business interests that may conflict with those of the other member owners, which may make it difficult for us to pursue strategic initiatives that require consensus among our member owners.

In addition, our relationship with our member owners, who are both our members and will own a significant percentage of our common stock and the units of Premier LP following the completion of the Reorganization and this offering, could create conflicts of interest among the member owners, or between the member owners and us, in a number of areas relating to our past and ongoing relationships. For example, certain of our products and services compete (or may compete in the future) with various products and services of our member owners. In addition, conflicts of interest may arise among the member owners based on certain allocations of net profits that the member owners may receive in proportion to their relative participation in our products and services. Except as set forth in the tax receivable agreement and the GPO participation agreements with the member owners and in the LP Agreement, there are not any formal dispute resolution procedures in place to resolve conflicts between us and a member owner or between member owners. We may not be able to resolve any potential conflicts between us and a member owner and, even if we do, the resolution may be less favorable to us than if we were negotiating with an unaffiliated party. See " Upon the completion of the Reorganization and this offering, our member owners will be able to exercise significant control over us, including through the election of all of our directors."

Our ability to use the net proceeds from future issuances of our Class A common stock is limited.

The LP Agreement requires that we contribute to Premier LP the net proceeds received by us from any issuance of additional shares of our Class A common stock (other than exchanges under the exchange agreement) in exchange for newly issued Class A common units in Premier LP based on the fair market value of our Class A common stock at the time of the transfer. As a result, such proceeds will not be immediately available to us for our working capital requirements or other general corporate purposes.

Upon the completion of the Reorganization and this offering, our member owners will be able to exercise significant control over us, including through the election of all of our directors.

Upon the completion of the Reorganization and this offering, our member owners will beneficially own, in the aggregate, 100% of our outstanding shares of Class B common stock, giving them control of approximately 80% of the combined voting power of our Class A common stock and Class B common stock. Pursuant to the terms of the voting trust agreement, the trustee will vote all of the member owners' Class B common stock as a block in the manner determined by the plurality of the votes received by the trustee from the member owners for the election of directors to serve on our board of directors, and by a majority of the votes received by the trustee from the member owners for all other matters. As a result, upon the completion of the Reorganization and this offering, our member owners will have the ability to elect all of the members of our board of directors and thereby control our management and affairs. In addition, upon the completion of the Reorganization and this offering, our member owners will be able to determine the outcome of substantially all matters requiring action by our stockholders, including amendments to our certificate of incorporation and bylaws, any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions even if such actions are not favored by our other stockholders. This concentration of ownership may also prevent a change in the composition of our board of directors or a change in control of our company that could deprive our stockholders of an opportunity to receive a premium for their Class A common stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock.

In addition, upon the completion of the Reorganization and this offering, our member owners will own 100% of our outstanding Class B common units, representing approximately 80% of the units of Premier LP. Because they hold their economic ownership interest in our business through Premier LP, rather than through Premier, Inc., due to the fact that shares of Class B common stock are not entitled to any economic rights, these member owners may have conflicting interests with holders of shares of our Class A common stock. For example, many of our member owners are not-for-profit organizations which, as a result of their tax-exempt status, could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new, or refinance existing, indebtedness, and whether and when Premier should terminate the tax receivable agreement and accelerate its obligations thereunder. In addition, the structuring of future transactions may be influenced by these member owners' tax or other considerations even where no similar benefit would accrue to us. See "Certain

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Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement."

Our member owners will be able to exercise a greater degree of influence in the operation of our business and that of Premier LP and the management of our affairs and those of Premier LP than is typically available to stockholders of a publicly-traded company. Even if our member owners own a minority economic interest in Premier LP, they may be able to continue to exert significant influence over us and Premier LP through their ownership of our Class B common stock and the voting trust agreement among the member owners and the trustee of Premier Trust.

We will be exempt from certain corporate governance requirements because we will be a "controlled company" within the meaning of NASDAQ rules. As a result, our stockholders will not have the protections afforded by these corporate governance requirements, which may make our Class A common stock less attractive to investors.

Upon completion of the Reorganization and this offering, our member owners, acting as a group pursuant to the terms of the voting trust agreement, will own more than 50% of the total voting power of our outstanding common stock and we will be a "controlled company" under NASDAQ corporate governance standards. As a controlled company, we will not be required by NASDAQ for continued listing of Class A common stock to (i) have a majority of independent directors, (ii) maintain an independent compensation committee or (iii) maintain an independent nominating function. We intend to, at least initially, take advantage of all of these exemptions from NASDAQ listing requirements. Accordingly, our stockholders will not have the same protection afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance requirements and the ability of our independent directors to influence our business policies and affairs may be reduced. As a result, our status as a "controlled company" could make our Class A common stock less attractive to some investors or could otherwise harm our Class A common stock price. Additionally, if our member owners reduce their ownership of our outstanding voting stock such that we no longer qualify as a "controlled company," we will incur costs to recruit qualified independent directors to our board and to establish and maintain independent compensation and nominating and governance committees, which may reduce the amount of cash otherwise available to Premier LP for distributions, working capital or general corporate purposes.

The agreements between us and our member owners were made in the context of an affiliated relationship and may contain different terms than comparable agreements with unaffiliated third parties.

The contractual agreements that we have with each of our member owners were negotiated in the context of an affiliated relationship in which representatives of our member owners and their affiliates comprised a significant portion of our board of directors. As a result, the financial provisions and the other terms of these agreements, such as covenants, contractual obligations on our part and on the part of our member owners, and termination and default provisions may be less favorable to us than terms that we might have obtained in negotiations with unaffiliated third parties in similar circumstances, which could have a material adverse effect on our business, financial condition and results of operations.

Any payments made under the tax receivable agreement with our member owners will reduce the amount of overall cash flow that would otherwise be available to us.

As a result of our acquisition of Class B common units of Premier LP from the member owners in connection with this offering, and any subsequent exchanges of Class B common units with us for shares of Class A common stock, we expect to become entitled to special tax benefits attributable to tax basis adjustments involving amounts generally equal to the difference between our purchase price for the acquired Class B common units (or, in the case of an exchange, the value of the shares of

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Class A common stock issued by us) and our share of the historic tax basis in Premier LP's tangible and intangible assets that is attributable to the acquired Class B common units. We have agreed in our tax receivable agreement with the member owners to pay to the member owners 85% of the amount, if any, by which our tax payments to various tax authorities are reduced as a result of these special tax benefits. We are also obligated to make certain other payments on the occurrence of certain events that would terminate the agreement with respect to certain member owners. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement." The tax basis adjustments, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including the timing of any exchanges between us and the member owners, the amount and timing of our income and the amount and timing of the amortization and depreciation deductions and other tax benefits attributable to the tax basis adjustments.

As a result of the contemplated use of proceeds from this offering and assuming that Premier is able to timely benefit from the anticipated tax benefits, we estimate that the aggregate amount of payments to be made by us under the tax receivable agreement to the member owners will be approximately $197.5 million, generally payable over the next 15 years (under the current law). As mentioned above, and as discussed in further detail in the section titled "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement," payments under the tax receivable agreement are made as Premier realizes tax benefits attributable to the initial purchase of Class B common units from the member owners in the Reorganization and subsequent exchanges between us and the member owners. The foregoing estimate reflects payments with respect to the initial purchase of Class B common units and not additional amounts that may be payable under the tax receivable agreement if subsequent exchanges of Class B common units are made by the member owners. We expect to fund our payments under the tax receivable agreement from distributions we receive from Premier LP.

The tax receivable agreement provides that, in the event that we exercise our right to early termination of the tax receivable agreement, or in the event of a change in control or a material breach by us of our obligations under the tax receivable agreement, the tax receivable agreement will terminate, and we will be required to make a lump-sum payment equal to the present value of all forecasted future payments that would have otherwise been made under the tax receivable agreement, which lump-sum payment would be based on certain assumptions, including those relating to our future taxable income. The change of control payment and termination payments to the member owners could be substantial and could exceed the actual tax benefits that we receive as a result of acquiring Class B common units from the member owners because the amounts of such payments would be calculated assuming that we would have been able to use the potential tax benefits each year for the remainder of the amortization periods applicable to the basis increases, and that tax rates applicable to us would be the same as they were in the year of the termination.

The member owners will not reimburse us for any excess payments that may previously have been made under the tax receivable agreement, for example, due to adjustments resulting from examinations by taxing authorities. Rather, excess payments made to the member owners will be netted against payments otherwise to be made, if any, after our determination of such excess. As a result, in certain circumstances we could make payments under the tax receivable agreement in excess of our cash tax savings, which could materially impair our financial condition.

We may not be able to realize all or a portion of the tax benefits that are expected to result from the acquisition of Class B common units from the limited partners.

Under the tax receivable agreement, we are entitled to retain 15% of the total tax savings we realize as a result of increases in tax basis created by the purchase of Class B common units, as well as any future exchanges of Class B common units for our Class A common stock, and as a result of

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certain other tax benefits attributable to payments under the tax receivable agreement. Our ability to realize, and benefit from, these tax savings depends on a number of assumptions, including that we will earn sufficient taxable income each year during the period over which the deductions arising from any such basis increases and payments are available and that there are no adverse changes in applicable law or regulations. If our actual taxable income were insufficient or there were adverse changes in applicable law or regulations, we may be unable to realize all or a portion of these expected benefits and our cash flows and stockholders' equity could be negatively affected.

Changes to Premier LP's allocation methods may increase a tax-exempt limited partner's risk that some allocated income is unrelated business taxable income.

The LP Agreement provides for the allocation of retained income to the limited partners of Premier LP, in part, according to the number of units owned rather than relative participation of the limited partners. A member owner that is a tax-exempt limited partner of Premier LP whose relative Class B common unit ownership is high compared to its relative participation may conclude, based on an analysis of its own facts and circumstances, that it has more unrelated business taxable income, or UBTI, subject to tax than it had reported in the past, or may be at increased risk that the Internal Revenue Service, or IRS, will seek to increase the amount of income reported by the tax-exempt limited partner as UBTI. Further, the LP Agreement provides for the allocation of distributed income to be adjusted based on facts and circumstances as are determined appropriate by Premier GP. Such adjustments may also increase the amount of income reported by certain tax-exempt limited partners as UBTI. Any increase in UBTI may cause a limited partner to leave Premier LP, which could have an adverse effect on our business, financial condition and results of operations.

We may be entitled to a 70% rather than 80% dividends received deduction with respect to dividends received from Premier LP's corporate subsidiaries.

We will not be able to fully deduct Premier GP's share of dividend income that Premier LP receives from its corporate subsidiaries. If Premier GP owns 20% or more of the units of Premier LP, we expect to claim the 80% dividends received deduction with respect to Premier GP's share of dividend income that Premier LP receives from its corporate subsidiaries. The law entitling a corporate partner to the 80% rather than 70% dividends received deduction is not free from doubt, so it is possible that our income tax expense could be greater than expected, which could reduce our after-tax earnings. The reduction in after-tax earnings could result in a lower trading price for our Class A common stock than would otherwise be the case.

Premier LP may issue additional limited partnership units without the consent of our Class A common stockholders, which could have a dilutive effect on our stockholders.

Premier LP may issue additional limited partnership units to third parties without the consent of our Class A common stockholders, which would reduce our ownership percentage in Premier LP and would have a dilutive effect on the amount of distributions made to us by Premier LP and, therefore, the amount of distributions we can make to our Class A common stockholders. Any newly admitted Premier LP limited partners will receive Class B common units in Premier LP and an equal amount of shares of our Class B common stock. They will also become parties to the exchange agreement, the registration rights agreement, the voting trust agreement and the tax receivable agreement, on the same terms and conditions as the member owners. Any such issuances, or the perception of such issuances, could materially and adversely affect the market price of our Class A common stock.

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Our certificate of incorporation and bylaws and the LP Agreement and provisions of Delaware law may discourage or prevent strategic transactions, including a takeover of our company, even if such a transaction would be beneficial to our stockholders.

Provisions contained in our certificate of incorporation and bylaws and the LP Agreement and provisions of the Delaware General Corporation Law, or DGCL, could delay or prevent a third party from entering into a strategic transaction with us, as applicable, even if such a transaction would benefit our stockholders. For example, our certificate of incorporation and bylaws:

- divide our board of directors into three classes with staggered three-year terms, which may delay or prevent a change of our management or a change in control,
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares of capital stock, making a takeover more difficult and expensive,
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates,
- do not permit stockholders to take action by written consent other than during the period following this offering in which we qualify as a "controlled company" within the meaning of NASDAQ rules,
- provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chair of our board or the chief executive officer,
- require advance notice to be given by stockholders for any stockholder proposals or director nominees,
- require a super-majority vote of the stockholders to amend our certificate of incorporation, and
- allow our board of directors to make, alter or repeal our bylaws but only allow stockholders to amend our bylaws upon the approval of $66^2/_3\%$ or more of the voting power of all of the outstanding shares of our capital stock entitled to vote.

In addition, we are subject to the provisions of Section 203 of the DGCL which limits, subject to certain exceptions, the right of a corporation to engage in a business combination with a holder of 15% or more of the corporation's outstanding voting securities, or certain affiliated persons.

The exchange agreement contains rights of first refusal in favor of the other member owners and Premier LP in the event that a member owner desires to exchange its Class B common units for shares of our Class A common stock, cash or a combination of both. In addition, the tax receivable agreement contains a change of control provision which, if triggered, would require us to make a one-time cash payment to the member owners equal to the present value of the payments that are forecasted to be made under the tax receivable agreement based on certain assumptions.

These restrictions and provisions could keep us from pursuing relationships with strategic partners and from raising additional capital, which could impede our ability to expand our business and strengthen our competitive position. These restrictions could also limit stockholder value by impeding a sale of us or Premier LP.

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Risks Related to the Offering of Our Class A Common Stock

Our future issuance of common stock and/or preferred stock could dilute the voting power of our common stockholders and adversely affect the market value of our Class A common stock.

The future issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of shares of our Class A common stock and holders of shares of our Class B common stock, either by diluting the voting power of our Class A common stock and Class B common stock if the preferred stock votes together with the common stock as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote, even if the action were approved by the holders of our shares of our Class A common stock and holders of shares of our Class B common stock.

The future issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our Class A common stock by making an investment in the Class A common stock less attractive. For example, investors in the Class A common stock may not wish to purchase Class A common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase Class A common stock at the lower conversion price causing economic dilution to the holders of Class A common stock.

In addition, we could issue a significant number of shares of Class A common stock and/or Class B common stock in the future. Any of these issuances could dilute our existing stockholders, and such dilution could be significant. Moreover, such dilution could have a material adverse effect on the market price for the shares of our Class A common stock. See also "   The substantial number of shares of Class A common stock that will be eligible for sale or exchange in the near future could cause the market price for our Class A common stock to decline or make it difficult for us to raise financing through the sale of equity securities in the future."

If we are determined to be an investment company, we would become subject to burdensome regulatory requirements and our business activities would be restricted.

A company that does not actively trade in securities may nevertheless be an investment company as defined in the Investment Company Act of 1940, as amended, or the Investment Company Act, if it owns "investment securities" having a value exceeding 40% of the value of its total assets (excluding U.S. government securities and cash items). Following this offering, our sole significant asset will be our indirect ownership of Class A common units of Premier LP. As the sole owner of Premier GP, the general partner of Premier LP, we will control Premier LP and we believe our interest in Premier LP is not an "investment security" as that term is used in the Investment Company Act. We also believe that we will not be an investment company pursuant to Rule 3a-1 under the Investment Company Act because we will "primarily control" and engage in business through Premier LP, which is not an investment company. After this offering, we expect that we and Premier LP will continue to structure our organizations and conduct our operations so that we will not be deemed an investment company under the Investment Company Act. A determination that our direct interest in Premier GP or our indirect interest in Premier LP is an investment security for purposes of the Investment Company Act and that we do not primarily control and engage in business through Premier LP could result in our being considered an investment company. If that were to happen, we could become subject to registration and other burdensome requirements of the Investment Company Act, including limitations on our capital structure, our ability to issue securities and our ability to enter into transactions with our affiliates. A need to comply with those requirements could make it impractical for us to continue our business as contemplated herein and could have a material adverse effect on our business, financial condition and results of operations.

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The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and NASDAQ rules, including those promulgated in response to the Sarbanes-Oxley Act. The requirements of these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls for financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In addition, sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our organization and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We expect to incur significant additional annual expenses related to these steps associated with, among other things, director fees, reporting requirements, transfer agent fees, additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We also expect that the new rules and regulations to which we will be subject as a result of being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage for such directors and officers. Any of these factors could make it more difficult for us to attract and retain qualified members of our board of directors. Finally, we expect to incur additional costs once we lose "emerging growth company status."

We have no operating history as a publicly-traded company, and our inexperience could materially and adversely affect us and our stockholders.

We have no operating history as a publicly-traded company. Our board of directors and senior management team will have overall responsibility for our management and only a limited number of our directors or members of our senior management team have prior experience in operating a public company. As a publicly-traded company, we will be required to develop and implement substantial control systems, policies and procedures in order to satisfy our periodic Securities and Exchange Commission, or SEC, reporting and NASDAQ obligations. We cannot assure you that management's past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate our company. Failure to do so could jeopardize our status as a public company, and the loss of such status may materially and adversely affect us and our stockholders.

If we fail to establish and maintain an effective system of integrated internal controls, we may not be able to report our financial results accurately, which could have a material adverse effect on our business, financial condition and results of operations.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that will need to be evaluated frequently. Section 404 of the Sarbanes-Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls and attestations of the effectiveness of internal controls by independent auditors. We would be required to perform the annual review and evaluation of our internal controls no later than for the fiscal year ending June 30, 2014. We initially expect to qualify as an emerging growth company, and thus, we would be exempt from the auditors' attestation requirement until such time as we no longer qualify as an emerging growth company. Regardless of whether we qualify as an emerging growth company, we will still need to implement substantial control systems and procedures in order to satisfy the reporting requirements under the Exchange Act and applicable NASDAQ requirements, among other items. Establishing these internal controls will be costly and may divert management's attention.

Evaluation by us of our internal controls over financial reporting may identify material weaknesses that may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of NASDAQ listing rules. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements also could suffer if we or our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting. This could materially adversely affect our business, financial condition and results of operations and could also lead to a decline in the price of our Class A common stock.

While we currently qualify as an "emerging growth company" under the JOBS Act, we cannot be certain if we take advantage of the reduced disclosure requirements applicable to emerging growth companies that we will not make our Class A common stock less attractive to investors. Once we lose emerging growth company status, the costs and demands placed upon our management are expected to increase.

The JOBS Act permits "emerging growth companies" like us to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies. As long as we qualify as an emerging growth company, we would be permitted, and we intend to, omit the auditor's attestation on internal control over financial reporting that would otherwise be required by the Sarbanes-Oxley Act, as described above. We also intend to take advantage of the exemption provided under the JOBS Act from the requirements to submit say-on-pay, say-on-frequency and say-on-golden parachute votes to our stockholders and we will avail ourselves of reduced executive compensation disclosure that is already available to smaller reporting companies.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of these benefits until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

Following this offering, we will continue to be an emerging growth company until the earliest to occur of (i) the last day of the fiscal year during which we had total annual gross revenues of at least $1 billion (as indexed for inflation), (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of Class A common stock under this registration statement, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed to be a "large accelerated filer," as defined under the Exchange Act.

Until such time that we lose "emerging growth company" status, it is unclear if investors will find our Class A common stock less attractive because we may rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile and could cause our stock price to decline.

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We may lose emerging growth status within a relatively short period of time on account of our public float exceeding $700 million or our annual gross revenues exceeding $1 billion. Once we lose emerging growth company status, we expect the costs and demands placed upon our management to increase, as we would have to comply with additional disclosure and accounting requirements.

An active market for our Class A common stock may not develop.

We cannot assure you that a regular trading market of our Class A common stock will develop on NASDAQ or elsewhere or, if developed, that any such trading market will be sustained. Accordingly, we cannot assure you of your ability to sell your Class A common stock when desired, or at all, or the prices that you may obtain for such Class A common stock.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our Class A common stock, Class A common stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our Class A common stock or publishes inaccurate or unfavorable research about our business, our Class A common stock price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our Class A common stock price or trading volume to decline and our Class A common stock to be less liquid.

Our stock price may be volatile and may decline substantially from the initial public offering price.

Even if a trading market develops, the market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our Class A common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results or dividends, if any, to holders of Class A common stock, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about the industries we participate in or individual scandals, and in response the market price of shares of our Class A common stock could decrease significantly.

In the past few years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

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The substantial number of shares of Class A common stock that will be eligible for sale or exchange in the near future could cause the market price for our Class A common stock to decline or make it difficult for us to raise financing through the sale of equity securities in the future.

We cannot predict the effect, if any, that market sales of shares of Class A common stock or the availability of shares of Class A common stock for sale will have on the market price of our Class A common stock from time to time. We expect to have 28,151,958 shares of our Class A common stock outstanding upon the completion of this offering (or 32,374,751 shares of our Class A common stock if the underwriters exercise their overallotment option in full). Sales of substantial amounts of shares of our Class A common stock in the public market following this offering, or the perception that those sales will occur, could cause the market price of our Class A common stock to decline or make future offerings of our equity securities more difficult. If we are unable to sell equity securities at times and prices that we deem appropriate, we may be unable to fund our future growth. See "Shares Eligible for Future Sale."

We, along with our executive officers and substantially all of our directors have entered into lock-up agreements with the underwriters in connection with this offering described in "Underwriting" and our executive officers, directors and applicable member owners are subject to the Rule 144 holding period requirements described in "Shares Eligible for Future Sale Rule 144." After the applicable period set forth in the registration rights agreement expires, our member owners will be able to exercise registration rights that we have granted them as described in "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Registration Rights Agreement." We cannot predict whether substantial amounts of our Class A common stock will be sold in the open market in anticipation of or following any divestiture by our member owners or our directors or executive officers of their shares of our Class A common stock. In addition, after the expiration of the lock-up period, we may issue and sell in the future additional shares of our Class A common stock, including the shares of Class A common stock issuable upon exchange of the Class B common units to be outstanding following the completion of the Reorganization and this offering, subject to certain contractual restrictions, including those restrictions set forth in the exchange agreement and restrictions under the Securities Act.

Upon the completion of the Reorganization and this offering, there will be 112,607,832 Class B common units of Premier LP outstanding. In connection with the Reorganization and this offering, Premier, Inc., Premier LP and the member owners have entered into an exchange agreement which will become effective upon the completion of the Reorganization and this offering. Under this agreement, subject to certain restrictions, commencing on the one-year anniversary of the last day of the calendar month in which we consummate this offering, and during each year thereafter, each member owner will have the cumulative right to exchange up to one-seventh of the Premier LP Class B common units initially allocated to such member owner (or subsequently purchased by such member owner pursuant to the related right of first refusal set forth in the exchange agreement), for shares of our Class A common stock, cash or a combination of both, the form of consideration to be at the discretion of the audit committee (or another committee of independent directors) of our board of directors, subject to certain restrictions. This exchange right can be exercised on a quarterly basis (subject to certain restrictions contained in the registration rights agreement) and is subject to rights of first refusal in favor of the other holders of Class B common units and Premier LP. For each Class B common unit that is exchanged pursuant to the exchange agreement, the member owner will also surrender one corresponding share of Class B common stock, which will automatically be retired. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Exchange Agreement." Any shares of Class A common stock issued as part of this exchange would be "restricted securities," as defined in Rule 144 of the Securities Act, or Rule 144. In connection with the Reorganization and this offering, we have entered into a registration rights agreement with the member owners which will become effective upon the completion of the Reorganization and this offering and that would require us, under certain circumstances, to register

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under the Securities Act the resale of these shares of Class A common stock. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Registration Rights Agreement" and "Shares Eligible for Future Sale."

Investors in this offering will suffer immediate and substantial dilution.

The initial public offering price per share of Class A common stock will be substantially higher than our pro forma net tangible book value per share immediately after this offering. As a result, you will pay a price per share of Class A common stock that substantially exceeds the book value of our assets after subtracting our liabilities. At the initial public offering price of $27.00 per share, you will incur immediate and substantial dilution in an amount of $6.97 per share of Class A common stock. We have implemented an equity incentive plan that will allow us to issue restricted stock or other rights to acquire or receive payments in respect of Class A common stock. For more information, see "Management Equity Incentive Plan Summary of Plan Terms Shares Subject to the Incentive Plan." The issuance or measurement prices attributable to these awards may be below the initial public offering price per share of our Class A common stock. To the extent that these actions are taken, you would experience further dilution. See "Dilution."

We do not intend to pay any cash dividends on our Class A common stock in the foreseeable future.

We do not expect to pay any dividends on our Class A common stock in the foreseeable future. Payments of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our business, operating results and financial condition, current and anticipated cash needs, plans for expansion and any legal or contractual limitations on our ability to pay dividends. As a result, capital appreciation in the price of our Class A common stock, if any, may be your only source of gain on an investment in our Class A common stock.

Even if we decide in the future to pay any dividends, Premier, Inc. is a holding company with no independent operations of its own, and it will depend on distributions from Premier LP to pay taxes, make payments under the tax receivable agreement or pay any cash dividends on our Class A common stock. Deterioration in the financial conditions, earnings or cash flow of Premier LP and its subsidiaries for any reason could limit or impair their ability to pay cash distributions or other distributions to Premier, Inc. (indirectly through Premier GP). Premier LP and its subsidiaries may be restricted from distributing cash to Premier GP by, among other things, applicable law or regulation or under the terms of our senior secured revolving credit facility.

Future issuances of debt securities, which would rank senior to shares of our Class A common stock upon our liquidation, and future issuances of equity securities (including units of Premier LP), which would dilute the holders of shares of our existing Class A common stock and may be senior to shares of our Class A common stock for the purposes of making distributions, periodically or upon liquidation, may materially and adversely affect the market price of shares of our Class A common stock.

In the future, we may issue debt or equity securities or incur other borrowings. Upon our liquidation, holders of our debt securities and other loans and preferred shares will receive a distribution of our available assets before holders of shares of our Class A common stock. We are not required to offer any such additional debt or equity securities to existing stockholders on a preemptive basis. Therefore, additional issuances of our Class A common stock, directly or through convertible or exchangeable securities (including Class B common units), warrants or options, will dilute the holders of shares of our existing Class A common stock and such issuances or the perception of such issuances may reduce the market price of shares of our Class A common stock. Our preferred shares, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could limit our ability to make distributions to holders of shares of our Class A common stock. Because our decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future capital raising efforts. Thus, holders of shares of our Class A common stock bear the risk that our future issuances of debt or equity securities or our other borrowings will reduce the market price of shares of our Class A common stock and dilute their ownership in us.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, dividend policy and results of operations contain forward-looking statements. Likewise, our unaudited pro forma consolidated financial statements and all of our statements regarding anticipated acquisitions and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "pro forma," "estimates," "contemplates," "aims," "continues," "would" or "anticipates" or the negative of these words and phrases or similar words or phrases. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- competition which could limit our ability to maintain or expand market share within our industry,
- consolidation in the healthcare industry,
- potential delays in generating or inability to generate revenues if the sales cycle takes longer than we expect,
- the terminability of member participation in our GPO programs with limited or no notice,
- our business strategy that involves reducing the prices for products and services in our supply chain services segment,
- the rate at which the markets for our non-GPO services and products develop,
- the dependency of our members on payments from third-party payors,
- our reliance on administrative fees which we receive from our GPO suppliers,
- our ability to maintain third-party provider and strategic alliances or enter into new alliances,
- our ability to offer new and innovative products and services,
- the portion of revenues we receive from our largest members,
- risks related to future acquisition opportunities,
- potential litigation,
- data loss or corruption due to failures or errors in our systems and service disruptions at our data centers,

breaches or failures of our security measures,

our ability to use, disclose, de-identify or license data and to integrate third-party technologies,

our reliance on partners and other third parties,

our use of "open source" software,

changes in industry pricing benchmarks,

any increase in the safety risk profiles of prescription drugs or the withdrawal of prescription drugs from the market,

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our ability to maintain and expand our existing base of drugs in our specialty pharmacy,

our dependency on contract manufacturing facilities located in various parts of the world,

our ability to attract, hire, integrate and retain key personnel,

adequate protection of our intellectual property,

any alleged infringement, misappropriation or violation of third-party proprietary rights,

potential sales and use tax liability in certain jurisdictions,

our reliance on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our users,

our future indebtedness and our ability to obtain additional financing,

fluctuation of our cash flows, quarterly revenues and results of operations,

changes in the political, economic or regulatory healthcare environment and our compliance with federal and state laws governing financial relationships among healthcare providers and the submission of false or fraudulent healthcare claims,

interpretation and enforcement of current or future antitrust laws and regulations,

potential healthcare reform and new regulatory requirements placed on our software, services and content,

compliance with federal and state privacy, security and breach notification laws,

product safety concerns and regulation,

our holding company structure,

different interests among our member owners or between our member owners and us,

our ability to use the net proceeds from future issuances of our Class A common stock,

the ability of our member owners to exercise significant control over us, including through the election of all of our directors, our status as a "controlled company" within the meaning of NASDAQ rules,

the terms of agreements between us and our member owners,

payments made under the tax receivable agreement to our limited partners,

our ability to realize all or a portion of the tax benefits that are expected to result from the acquisition of Class B common units from the limited partners,

changes to Premier LP's allocation methods that may increase a tax-exempt limited partner's risk that some allocated income is UBTI,

our entitlement to a 70% rather than 80% dividends received deduction with respect to dividends received from Premier LP's corporate subsidiaries,

the dilutive effect of Premier LP's issuance of additional units or future issuances by us of common stock and/or preferred stock,

provisions in our certificate of incorporation and bylaws and the LP Agreement and provisions of Delaware law that discourage or prevent strategic transactions, including a takeover of our company,

any determination that we are an investment company,

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- the requirements of being a public company,
- our inexperience and lack of operating history as a publicly-traded company,
- the failure to establish and maintain an effective system of internal controls,
- our status as an "emerging growth company,"
- the lack of an active market for our Class A common stock,
- any downgrade in securities or industry analysts' recommendations about our business or Class A common stock,
- the volatility of our stock price,
- the number of shares of Class A common stock that will be eligible for sale or exchange in the near future and the dilutive effect of such issuances,
- the immediate dilution suffered by investors in this offering,
- our intention not to pay cash dividends on our Class A common stock,
- future issuances of debt securities,
- the risk factors discussed under the heading "Risk Factors," and
- other statements contained in this memorandum regarding matters that are not historical facts.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus. Investors are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our views as of the date of this prospectus. The matters summarized under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus could cause our actual results and performance to differ significantly from those contained in our forward-looking statements. Accordingly, we cannot guarantee future results or performance. Furthermore, except as required by law, we are under no duty to, and we do not intend to, update any of our forward-looking statements after the date of this prospectus, whether as a result of new information, future events or otherwise.

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STRUCTURE

In connection with this offering we will effect the Reorganization, as described below. The following diagram depicts our organizational structure immediately after the completion of the Reorganization and this offering.

Premier, Inc. will indirectly own approximately 20% of the units of Premier LP immediately after the completion of the Reorganization and this offering and assuming no exercise of the underwriters' overallotment option. If the underwriters' overallotment option is exercised, Premier, Inc. will indirectly own approximately 22% of the outstanding units of Premier LP after the completion of the Reorganization and this offering.

About Premier, Inc. and Premier LP

Premier, Inc. was incorporated as a Delaware corporation on May 14, 2013. Premier, Inc. has not engaged in any business or other activities except in connection with its formation. The certificate of incorporation of Premier, Inc. authorizes two classes of common stock, Class A common stock and Class B common stock. The Class A common stock has voting and economic rights, whereas the Class B common stock has only voting, but not economic, rights. Each share of our Class A common stock and Class B common stock will entitle its holder to one vote on all matters to be voted on by our stockholders generally. Holders of shares of our Class A common stock and holders of shares of our Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise set forth in our certificate of incorporation or as otherwise required by applicable law. Our Class A common stock has been approved for listing on NASDAQ under the symbol "PINC."

Prior to the Reorganization and this offering, the capital structure of Premier LP consisted of partnership interests separated into two divisions, each of which had its own set of capital account balance threshold amounts. Once a holder's capital account balance exceeded such threshold amounts, the holder was eligible to share in future distributions from Premier LP. In connection with the Reorganization and this offering, Premier LP, Premier GP and the member owners have entered into the new LP Agreement which will become effective upon the completion of the Reorganization and this offering. The LP Agreement will, immediately following the effective date, modify Premier LP's capital structure by creating two classes of units, Class A common units and Class B common units, and eliminate the existing partnership interests. The Class A common units and Class B common units have equivalent economic rights, on a per unit basis. The LP Agreement will also designate Premier GP as the general partner of Premier LP. The execution of the LP Agreement, including the recapitalization of the outstanding partnership units to be effected thereby, which is described below, required the approval of the general partner of Premier LP and a majority in interest of the limited partners.

Pursuant to the LP Agreement, Class A common units will only be held by Premier GP as the general partner of Premier LP and Class B common units will be held by the limited partners of Premier LP. All Class B common units that we contribute to Premier GP in connection with the Reorganization, as described below, will be automatically converted into Class A common units.

It is expected that the number of outstanding shares of Class A common stock and Class B common stock will always match exactly the number of outstanding Class A common units and Class B common units, respectively.

Recapitalization

Immediately following the effective date of the LP Agreement, all of Premier LP's limited partners that approved the Reorganization will receive Class B common units and capital account balances in Premier LP equal to their percentage interests and capital account balances in Premier LP immediately preceding the Reorganization. Additionally, immediately following the effective date of the LP Agreement, all of the stockholders (consisting of member owners) of PHSI that approved the Reorganization will contribute their PHSI common stock to Premier LP in exchange for additional Class B common units based on such stockholder's percentage interest in the fair market valuation of PHSI and Premier LP prior to the Reorganization. As a result of the foregoing contributions, PHSI will become a wholly owned subsidiary of Premier LP.

In connection with the Reorganization, the member owners will purchase from Premier, Inc. 112,607,832 shares of Class B common stock, for par value, $0.000001 per share, which number of shares of Class B common stock will equal the number of Class B common units of Premier LP to be held by the member owners immediately following this offering, pursuant to a stock purchase agreement. See "Certain Relationships and Related Party Transactions Transactions with Member

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Owners in Connection with this Offering Stock Purchase Agreement" and "Description of Capital Stock Common Stock Class B Common Stock."

Offering Transactions

We expect to use approximately (i) $543.9 million of the net proceeds from this offering to acquire 21,428,571 Class B common units of Premier LP from the member owners, (ii) $30.1 million of the net proceeds to acquire 1,184,882 Class B common units of Premier LP from PHSI, and (iii) $140.6 million (or $247.7 million if the underwriters exercise their overallotment option in full) of the net proceeds to acquire 5,538,505 newly issued Class A common units of Premier LP from Premier LP (or 9,761,298 Class A common units if the underwriters exercise their overallotment option in full), in each case for a price per unit equal to the price paid per share of Class A common stock by the underwriters to us in connection with this offering. Any Class B common units purchased by Premier, Inc. with the net proceeds from this offering will automatically convert to Class A common units of Premier LP, pursuant to the terms of the LP Agreement, and will be contributed by Premier, Inc. to Premier GP.

The following table sets forth the number of Class A or Class B common units of Premier LP, as applicable, to be purchased by Premier, Inc. from the member owners (as a group), Premier LP and PHSI, the cash proceeds to be received by each in connection with this offering and the percentage of the net offering proceeds to be received by each (assuming the underwriters' overallotment option has not been exercised).

Seller	Number of Units Sold to Premier	Cash Proceeds to be Received	Percentage of Net Offering Proceeds to be Received
Member owners	21,428,571	$ 543,857,132	76%
Premier LP	5,538,505	$ 140,567,257	20%
PHSI	1,184,882	$ 30,072,305	4%

Reorganization Documents

Below is a summary of the principal documents that will effect the Reorganization and define and regulate the governance and control relationships among Premier, Inc., Premier LP and the member owners after the completion of the Reorganization and this offering.

LP Agreement

In connection with the Reorganization and this offering, the LP Agreement will make Premier GP the general partner of Premier LP. As the general partner of Premier LP, Premier GP will generally be able to control the day-to-day business affairs and decision-making of Premier LP without the approval of any other partner, subject to certain limited partner approval rights described below. As such, we will be responsible for all operational and administrative decisions of Premier LP. In accordance with the LP Agreement, subject to applicable law or regulation and the terms of Premier LP's financing agreements, Premier GP will cause Premier LP to make quarterly distributions out of its estimated taxable net income to Premier GP and to the holders of Class B common units as a class in an aggregate amount equal to Premier LP's total taxable income for each such quarter multiplied by the effective combined federal, state and local income tax rate then payable by Premier, Inc. to facilitate payment by each Premier LP partner of taxes, if required, on its share of taxable income of Premier LP. In addition, in accordance with the LP Agreement, Premier GP may cause Premier LP to make additional distributions to Premier GP and to the holders of Class B common units as a class in proportion to their respective number of units, subject to any applicable restrictions under Premier LP's financing agreements or applicable law. Premier GP will distribute any amounts it receives from Premier LP to Premier, Inc., which Premier, Inc. will use to (i) pay applicable taxes, (ii) meet its obligations under the tax receivable agreement, and (iii) meet its obligations to the member owners under the exchange agreement if they elect to convert their Class B common units for shares of our

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Class A common stock and we elect to pay some or all of the consideration to such member owners in cash. In the event that a limited partner of Premier LP holding Class B common units not yet eligible to be exchanged for shares of our Class A common stock pursuant to the terms of the exchange agreement (i) ceases to participate in our GPO programs, (ii) ceases to be a limited partner of Premier LP (except as a result of a permitted transfer of its Class B common units), (iii) ceases to be a party to a GPO participation agreement (subject to certain limited exceptions), or (iv) becomes a related entity of, or affiliated with, a competing business of Premier LP, in each case, Premier LP will have the option to redeem all of such limited partner's Class B common units not yet eligible to be exchanged at a purchase price set forth in the LP Agreement. In addition, the limited partner will be required to exchange all Class B common units eligible to be exchanged on the next exchange date following the date of the applicable termination event described above. For additional information regarding the LP Agreement, see "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Amended and Restated Limited Partnership Agreement of Premier LP."

Voting Trust Agreement

Additionally, in connection with the Reorganization and this offering, our member owners have entered into a voting trust agreement, which will become effective upon the completion of the Reorganization and this offering and pursuant to which the member owners will contribute their Class B common stock into Premier Trust, under which Wells Fargo Delaware Trust Company, N.A., as trustee, will act on behalf of the member owners for purposes of voting their shares of Class B common stock. As a result of the voting trust agreement, the member owners will retain beneficial ownership of the Class B common stock, while the trustee will be the legal owner of such equity. Pursuant to the voting trust agreement, the trustee will vote all of the member owners' Class B common stock as a block in the manner determined by the plurality of the votes received by the trustee from the member owners for the election of directors to serve on our board of directors, and by a majority of the votes received by the trustee from the member owners for all other matters. For additional information regarding the voting trust agreement, see "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Voting Trust Agreement."

Exchange Agreement

In connection with the Reorganization and this offering, Premier, Inc., Premier LP and the member owners have entered into an exchange agreement which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of the exchange agreement, subject to certain restrictions, commencing on the one-year anniversary of the last day of the calendar month in which we consummate this offering, and during each year thereafter, each member owner will have the cumulative right to exchange up to one-seventh of its initial allocation of Class B common units, as well as any additional Class B common units purchased by such member owner pursuant to certain rights of first refusal (discussed below), for shares of our Class A common stock (on a one-for-one basis subject to customary adjustments for subdivisions or combinations by split, reverse split, distribution, reclassification, recapitalization or otherwise), cash or a combination of both, the form of consideration to be at the discretion of our audit committee (or another committee of independent directors) of our board of directors. This exchange right can be exercised on a quarterly basis (subject to certain restrictions contained in the registration rights agreement described below) and is subject to rights of first refusal in favor of the other holders of Class B common units and Premier LP. For each Class B common unit that is exchanged pursuant to the exchange agreement, the member owner will also surrender one corresponding share of our Class B common stock, which will automatically be retired. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Exchange Agreement."

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Registration Rights Agreement

In connection with the Reorganization and this offering, Premier, Inc. and the member owners have entered into a registration rights agreement which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of the registration rights agreement, as soon as practicable from the date that is 12 full calendar months after the completion of this offering, we must use all reasonable efforts to cause a resale shelf registration statement to become effective for resales from time to time of our Class A common stock that may be issued to the member owners in exchange for their Class B common units pursuant to the exchange agreement, subject to various restrictions. Subject to certain exceptions, we will use reasonable efforts to keep the resale shelf registration statement effective for seven years. In addition, we will undertake to conduct an annual company-directed underwritten public offering to allow the member owners to resell Class A common stock and, at our election, to permit us to sell primary shares, following the first quarterly exchange date of each of the first three years during which the member owners have the right to exchange their Class B common units for shares of our Class A common stock. We will not be required to conduct a company-directed underwritten public offering unless the number of shares of Class A common stock requested by the member owners (and any third parties) to be registered in the applicable company-directed underwritten public offering constitutes the equivalent of at least 3.5% of the aggregate number of Premier LP units outstanding. If the offering minimum has not been met, we will either proceed with the company-directed underwritten public offering (such decision being in our sole discretion) or notify the member owners that we will abandon the offering. After the third year during which member owners have the right to exchange their Class B common units for shares of our Class A common stock, we may elect to conduct a company-directed underwritten public offering in any subsequent year. We, as well as the member owners, and third parties, will be subject to customary prohibitions on sale prior to and for 60 days following any company-directed underwritten public offering. The registration rights agreement also grants the member owners certain "piggyback" registration rights with respect to other registrations of our Class A common stock. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Registration Rights Agreement."

Tax Receivable Agreement

In connection with the Reorganization and this offering, Premier, Inc. has entered into a tax receivable agreement with the member owners which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of the tax receivable agreement, Premier, Inc. has agreed to pay to the member owners, generally over a 15-year period (under current law), 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income and franchise tax that we actually realize (or are deemed to realize, in the case of payments required to be made upon certain occurrences under such tax receivable agreement) as a result of the increases in tax basis resulting from the initial sale of Class B common units by the member owners in connection with the Reorganization, as well as subsequent exchanges by such member owners pursuant to the exchange agreement, and of certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement."

GPO Participation Agreement

In connection with the Reorganization and this offering, our member owners have entered into GPO participation agreements with Premier LP which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of its GPO participation agreement, each member owner will receive revenue share from Premier LP equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through

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our GPO supplier contracts. In addition, our two largest regional GPO member owners, which represented approximately 17% of our gross administrative fees revenue for fiscal year 2013, will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us. Subject to certain termination rights, these GPO participation agreements will be for an initial five-year term, although our two largest regional GPO member owners have entered into agreements with seven-year terms.

The terms of the GPO participation agreements vary as a result of provisions in our existing arrangements with member owners that conflict with the terms of the GPO participation agreement and which by the express terms of the GPO participation agreement are incorporated by reference and deemed controlling and will continue to remain in effect. In certain other instances, Premier LP and member owners have entered into GPO participation agreements with certain terms that vary from the standard form, which were approved by the member agreement review committee of our board of directors, based upon regulatory constraints, pending merger and acquisition activity or other exigent circumstances affecting those member owners. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement."

Effects of the Reorganization

Immediately following the completion of the Reorganization and this offering:

- Premier, Inc. will be the sole member of Premier GP and Premier GP will be the general partner of Premier LP. Through Premier GP, Premier, Inc. will exercise indirect control over the business operated by Premier LP, subject to certain limited partner approval rights. Premier GP will have no employees and will act solely through its board of managers and appointed officers in directing the affairs of Premier LP,

- the member owners will hold 112,607,832 shares of our Class B common stock and 112,607,832 Class B common units (and such number of shares of Class B common stock and Class B common units will not be affected if the underwriters exercise their overallotment option in full),

- Premier GP will hold 28,151,958 Class A common units of Premier LP (or 32,374,751 Class A common units if the underwriters exercise their overallotment option in full),

- through their holdings of our Class B common stock, the member owners will have approximately 80% of the voting power in Premier, Inc. (or approximately 78% of the voting power if the underwriters exercise their overallotment option in full),

- the investors in this offering will collectively own all of our outstanding shares of Class A common stock and will collectively have approximately 20% of the voting power in Premier, Inc. (or approximately 22% of the voting power if the underwriters exercise their overallotment option in full), and

- Premier LP will be the operating partnership and parent company to all of our other operating subsidiaries, including PSCI and PHSI.

Any newly admitted Premier LP limited partners must also become parties to the exchange agreement, the registration rights agreement, the voting trust agreement and the tax receivable agreement, in each case on the same terms and conditions as the member owners (except that any Class B common units acquired by such newly admitted Premier LP limited partners will not be subject to the seven-year vesting schedule set forth in the LP Agreement and the exchange agreement). Any newly admitted Premier LP limited partner will also enter into a GPO participation agreement with Premier LP.

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Benefits of the Reorganization to Member Owners

As a result of the Reorganization and this offering, the member owners will, among other things:

- receive an aggregate of approximately $543.9 million in cash proceeds for a portion of their outstanding Class B common units in Premier LP,

- remain entitled to quarterly cash distributions from Premier LP that should, in most cases, be sufficient to cover income taxes on their allocated portion of Premier LP's taxable income,

- receive revenue share under their GPO participation agreements equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts (and, in addition, our two largest regional GPO member owners will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us),

- for so long as they collectively own a majority of the voting power of our outstanding common stock, have the ability to elect all of the members of our board of directors through the voting trust agreement and thereby influence corporate decisions made by Premier,

- have the cumulative right to exchange, beginning on the one-year anniversary of the last day of the calendar month in which we consummate this offering, and each year thereafter, up to one-seventh of their initial allocation of Class B common units, as well as any Class B common units purchased through the exercise of certain rights of first refusal under the exchange agreement, for shares of our Class A common stock, cash or a combination of both, the form of consideration to be determined, subject to certain rights of first refusal under the exchange agreement, at the discretion of our audit committee (or another committee of independent directors) of our board of directors,

- upon the sale or exchange of Premier LP Class B common units, be entitled to receive additional payments of approximately $197.5 million, generally payable over a 15-year period (under current law), from us pursuant to the tax receivable agreement, in part as a result of the contemplated use of a portion of the proceeds from this offering, and assuming that we are able to timely benefit from certain anticipated tax benefits (for more information, see "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement"), and

- have registration rights with respect to shares of our Class A common stock that they receive upon exchange of their Class B common units in Premier LP.

Holding Company Structure

Premier, Inc. is a holding company and its sole asset immediately following this offering will be all of the outstanding interests in Premier GP. Premier GP will act as the general partner of, and own approximately 20% of the units (or approximately 22% if the underwriters exercise their overallotment option in full) in, Premier LP. Premier, Inc.'s only business will be to act indirectly as the general partner of Premier LP, and, as such, it will operate and control all of the business and affairs of Premier LP and its subsidiaries immediately following this offering, subject to certain limited partner approval rights described herein.

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USE OF PROCEEDS

We will receive net proceeds from this offering of approximately $714.5 million (approximately $821.7 million if the underwriters exercise their overallotment option in full), after deducting the underwriting discounts and commissions of this offering of approximately $45.6 million but before expenses. See "Underwriting."

We expect to use approximately (i) $543.9 million of the net proceeds from this offering to acquire 21,428,571 Class B common units of Premier LP from the member owners, (ii) $30.1 million of the net proceeds to acquire 1,184,882 Class B common units of Premier LP from PHSI, and (iii) $140.6 million (or $247.7 million if the underwriters exercise their overallotment option in full) of the net proceeds to acquire 5,538,505 newly issued Class A common units of Premier LP from Premier LP (or 9,761,298 Class A common units if the underwriters exercise their overallotment option in full), in each case for a price per unit equal to the price paid per share of Class A common stock by the underwriters to us in connection with this offering. We will contribute all of these units of Premier LP that we purchase in connection with the Reorganization to Premier GP and all Class B common units that we contribute to Premier GP will be automatically converted into Class A common units. See "Structure." Premier LP will use the proceeds it receives in connection with the sale of its newly issued Class A common units to us for working capital and general corporate purposes, including potential future acquisition and development activities. Pending such use, the proceeds may be invested in high quality, short-term investments.

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DIVIDEND POLICY

We do not expect to pay dividends on our Class A common stock in the foreseeable future. Furthermore, shares of our Class B common stock will not be entitled to any cash dividend payments.

Premier, Inc. is a holding company and its sole asset immediately following this offering through its ownership of Premier GP is a minority interest in Premier LP. Through its ownership of Premier GP, which will be the general partner of Premier LP and control the day-to-day business affairs and decision-making of Premier LP, Premier, Inc. intends to cause Premier LP to make distributions to it (indirectly through Premier GP) in an amount sufficient to cover cash dividends, if any, declared by us in the future. If Premier LP makes such distributions to Premier GP, the holders of Premier LP common units will be entitled to receive proportionately equivalent distributions.

Our senior secured revolving credit facility contains certain restrictions on Premier LP's ability to make distributions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Contractual Obligations."

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CAPITALIZATION

The following table sets forth as of June 30, 2013:

- the cash and cash equivalents, redeemable limited partners' capital and capitalization on a historical consolidated basis of PHSI, our accounting predecessor, and

- our pro forma cash and cash equivalents, redeemable limited partners' capital and capitalization on a consolidated basis, as adjusted to reflect (a) the Reorganization, (b) our issuance and sale of shares of Class A common stock in this offering, the receipt of the proceeds from this offering net of underwriting discounts and commissions and the use of such proceeds as described under "Use of Proceeds" and (c) the payment of fees and expenses in connection with this offering.

The table should be read in conjunction with the information found in "Structure," "Use of Proceeds," "Unaudited Pro Forma Consolidated Financial Information," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus.

	June 30, 2013	
(In Thousands)	**PHSI Actual**	**Premier, Inc. Pro Forma (unaudited)**
Cash and cash equivalents	$ 198,296	$ 368,936
Total debt[1]	34,617	34,617
Redeemable limited partners' capital[2]	307,635	423,993
Class A common stock, par value, $0.01 per share, 500,000,000 shares authorized; 28,151,958 shares issued and outstanding on a pro forma basis		282
Class B common stock, par value, $0.000001 per share, 600,000,000 shares authorized; 112,607,832 shares issued and outstanding on a pro forma basis		
Common stock	57	
Additional paid-in capital	28,866	168,459
Common stock subscribed[3]	300	
Subscriptions receivable[4]	(300)	
Retained earnings	50,599	38,690
Noncontrolling interest[5]	(1,754)	(1,754)
Accumulated other comprehensive loss		(3)
Total stockholders' equity	77,768	205,674
Total capitalization	$ 420,020	$ 664,284

(1) Primarily represents notes payable in an aggregate principal amount of $23.4 million to departed member owners, payable over five years, $7.7 million outstanding on a revolving line of credit held by S2S Global and payables of $3.2 million under a financing agreement related to certain software licenses with the final installment of $3.2 million due on July 1, 2014. As of June 30, 2013, there was no balance outstanding on our senior secured revolving credit facility. On July 18, 2013 we made a drawing of $30.0 million on this senior secured revolving credit facility to fund the acquisition of SYMMEDRx, LLC and we made a drawing of $30.0 million on September 11, 2013 to fund operations.

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(2) On an actual basis, redeemable limited partners' capital consists of the limited partners' 99% ownership of Premier LP which, pursuant to the terms of the existing limited partnership agreement of Premier LP, Premier LP is required to repurchase upon the withdrawal of such limited partner and is therefore classified as temporary equity in the mezzanine section of the consolidated balance sheet. On a pro forma basis, after giving effect to the Reorganization and this offering, redeemable limited partners' capital reflects the change from the 99% noncontrolling interest held by the limited partners in Premier LP prior to the Reorganization to the approximately 80% noncontrolling interest to be held by the limited partners of Premier LP following the completion of the Reorganization and this offering.

(3) Reflects shares of PHSI's common stock subscribed by new member owners.

(4) Reflects a receivable related to shares of PHSI's common stock that is recorded until such time as the common stock subscriptions described in footnote (3) are paid in full.

(5) Represents the investment interest of the noncontrolling equity holders of S2S Global (40%).

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DILUTION

If you invest in our Class A common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma net tangible book value per share of our Class A common stock after this offering. Dilution results from the fact that the per share offering price of the Class A common stock is substantially in excess of the pro forma net tangible book value per share of our Class A common stock after this offering.

As of June 30, 2013, our net tangible book value was approximately $319.7 million, or approximately $11.36 per share of Class A common stock (based on the number of shares of Class A common stock outstanding on a pro forma basis). Net tangible book value represents total tangible assets (total assets less goodwill and other intangible assets) less total consolidated liabilities, and pro forma net tangible book value per share of Class A common stock represents net tangible book value divided by the aggregate number of shares of Class A common stock outstanding after giving effect to the Reorganization and this offering (assuming there is no exchange of Class B common units for shares of Class A common stock pursuant to the exchange agreement).

After giving effect to the transactions described under "Unaudited Pro Forma Consolidated Financial Information," including the sale of 28,151,958 shares of our Class A common stock in this offering at the initial public offering price of $27.00 per share and the application of the proceeds from this offering as described in "Use of Proceeds," our pro forma net tangible book value as of June 30, 2013 would have been $564.0 million, or $20.03 per share of Class A common stock. This represents an immediate increase in pro forma net tangible book value of $8.67 per share of Class A common stock to our member owners and an immediate dilution in pro forma net tangible book value of $6.97 per share of Class A common stock to investors in this offering.

The following table illustrates this dilution on a per share of Class A common stock basis, assuming the underwriters do not exercise their overallotment option in whole or in part:

Initial public offering price per share		$ 27.00
Pro forma net tangible book value per share as of June 30, 2013	$ 11.36	
Increase in pro forma net tangible book value per share attributable to the Reorganization (assuming there is no exchange of Class B common units for shares of Class A common stock pursuant to the exchange agreement) and this offering	8.67	
Pro forma net tangible book value per share after the completion of this offering		20.03
Dilution per share to investors in this offering		$ 6.97

In connection with the Reorganization and this offering, Premier, Inc., Premier LP and the member owners have entered into an exchange agreement which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of the exchange agreement, commencing on the one-year anniversary of the last day of the calendar month in which we consummate this offering, and during each year thereafter, a member owner may only exchange up to one-seventh of Premier LP Class B common units initially allocated to such partner (or subsequently purchased pursuant to the related right of first refusal), for shares of our Class A common stock, cash or a combination of both, the form of consideration to be at the discretion of the audit committee (or another committee of independent directors) of our board of directors, subject to certain restrictions. Giving effect to the terms of the exchange agreement as of the one-year anniversary of the last day of the calendar month in which we consummate this offering, pro forma net tangible book value per share of Class A common stock represents net tangible book value divided by the aggregate number of shares of Class A common stock outstanding after giving effect to the Reorganization and assuming that all

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holders of Premier LP Class B common units exchanged one-seventh of their Class B common units for shares of Class A common stock on a one-for-one basis.

After giving effect to the transactions described under "Unaudited Pro Forma Consolidated Financial Information," including the application of the proceeds from this offering as described in "Use of Proceeds," our pro forma net tangible book value as of June 30, 2013 (assuming the exchange of one-seventh of the Class B common units in Premier LP held by our member owners for shares of our Class A common stock in the manner described in the preceding paragraph) would have been $564.0 million, or $12.75 per share of Class A common stock. This represents an immediate increase in pro forma net tangible book value of $1.39 per share of Class A common stock to our member owners and an immediate dilution in pro forma net tangible book value of $14.25 per share of Class A common stock to investors in this offering.

The following table illustrates this dilution on a per share of Class A common stock basis, assuming the underwriters do not exercise their overallotment option in whole or in part:

Initial public offering price per share		$ 27.00
Pro forma net tangible book value per share as of June 30, 2013	$ 11.36	
Increase in pro forma net tangible book value per share attributable to the Reorganization and this offering	1.39	
Pro forma net tangible book value per share after the completion of this offering		12.75
Dilution per share to investors in this offering		$ 14.25

If the underwriters' overallotment option is exercised in full, the pro forma net tangible book value per share of Class A common stock (i) after giving effect to the Reorganization (assuming there is no exchange of Class B common units for shares of Class A common stock pursuant to the exchange agreement) and this offering would be approximately $20.73 per share and the dilution in pro forma net tangible book value per share of Class A common stock to new investors would be approximately $6.27 per share and (ii) after giving effect to the Reorganization (assuming the exchange of one-seventh of the Class B common units in Premier LP held by our member owners for shares of our Class A common stock in the manner described above) and this offering would be approximately $13.85 per share and the dilution in pro forma net tangible book value per share of Class A common stock to new investors would be approximately $13.15 per share.

The foregoing discussion and tables assume no vesting of restricted stock units, performance shares or stock options that will be outstanding immediately following this offering. As of the completion of this offering, we expect to have 708,299 restricted stock units, 829,922 performance shares and 2,054,192 stock options outstanding. To the extent these restricted stock units and stock options are vested, there may be further dilution to new investors.

The following tables summarize, on the same pro forma basis as of June 30, 2013, the difference between the total cash consideration paid by our member owners for Class A common stock (in the second table assuming the exchange of one-seventh of the Class B common units in Premier LP held by our member owners for shares of our Class A common stock in the manner described above) and

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the purchasers of Class A common stock in this offering, before deducting underwriting discounts and commissions and offering fees and expenses.

	Shares of Class A Common Stock Purchased		Total Consideration		Average Price Per Share of Class A Common Stock
	Number	Percent	Amount	Percent	
Member owners	0	0%	$ 0	0%	$ 0
Purchasers of Class A common stock in this offering	28,151,958	100	760,102,866	100	27.00
Total	28,151,958	100%	$ 760,102,866	100%	$ 27.00

	Shares of Class A Common Stock Purchased		Total Consideration		Average Price Per Share of Class A Common Stock
	Number	Percent	Amount	Percent	
Member owners	16,086,833	36%	$ 16	0%	$ 0.00
Purchasers of Class A common stock in this offering	28,151,958	64	760,102,866	100	27.00
Total	44,238,791	100%	$ 760,102,882	100%	$ 17.18

If the underwriters' overallotment option is exercised in full, the following will occur:

- the percentage of shares of our common stock held by the member owners will decrease to approximately 78% (or 67% assuming one-seventh of the Class B common units held by the member owners have been exchanged for shares of our Class A common stock in the manner described above) of the total number of shares of our common stock outstanding, and

- the number of shares of our common stock held by purchasers of common stock will increase to 32,374,751 shares, or approximately 22% (or 48,461,584 shares, or approximately 33% assuming one-seventh of the Class B common units held by the member owners have been exchanged for shares of our Class A common stock in the manner described above) of the total number of shares of our common stock outstanding after this offering.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The unaudited pro forma consolidated balance sheet as of June 30, 2013 presents our consolidated financial position giving pro forma effect to the Reorganization and this offering and the contemplated use of the net proceeds from this offering as described under "Structure" and "Use of Proceeds" as if such transactions occurred as of the balance sheet date. The unaudited pro forma consolidated statement of income for the fiscal year ended June 30, 2013 presents our consolidated results of operations after giving pro forma effect to the Reorganization and this offering and the contemplated use of the net proceeds from this offering as described under "Structure" and "Use of Proceeds" as if such transactions had occurred on July 1, 2012. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of the Reorganization and this offering and the contemplated use of the estimated net proceeds from this offering on the historical consolidated financial information of PHSI.

The unaudited pro forma consolidated balance sheet and statement of income should be read together with "Structure," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes appearing elsewhere in this prospectus.

The pro forma adjustments give effect to:

- the Reorganization, as described under "Structure," including (i) the issuance of 28,151,958 shares of our Class A common stock in this offering, or approximately 20% of the common stock to be outstanding after the Reorganization and this offering, and the contemplated use of the net proceeds therefrom to purchase (A) Class A common units of Premier LP from Premier LP, (B) Class B common units of Premier LP from PHSI, and (C) Class B common units of Premier LP from our member owners, (ii) the entry by Premier LP, Premier GP and the member owners into the LP Agreement and (iii) the issuance of 112,607,832 shares of our Class B common stock to our member owners;

- payments to each member owner of revenue share from Premier LP equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts (and, in addition, our two largest regional GPO member owners, which represented approximately 17% of our gross administrative fees revenue for fiscal year 2013, will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us), as further described under "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement;"

- the change from the 99% noncontrolling interest held by the limited partners of Premier LP prior to the Reorganization to the approximately 80% noncontrolling interest to be held by the limited partners of Premier LP subsequent to the Reorganization and this offering;

- the change in the allocation of Premier LP's income from 1% of operating income and 5% of investment income to PHSI prior to the Reorganization and this offering to approximately 20% of Premier LP's income to Premier, Inc. (indirectly through Premier GP) subsequent to the Reorganization and this offering as the result of the modified income allocation provisions of the LP Agreement and Premier, Inc.'s purchase of approximately 20% of the Premier LP units, as described above;

- adjustments that give effect to the tax receivable agreement (as described in "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement"), executed in connection with the

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Reorganization (as described under "Structure"), including the effects of the increase in the tax basis of Premier LP's assets resulting from Premier, Inc.'s purchase of Class B common units from the member owners, as described above; and

payments due to member owners pursuant to the tax receivable agreement equal to 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income and franchise tax that we actually realize (or are deemed to realize in the case of certain payments required to be made upon certain occurrences under such tax receivable agreement) as a result of the increases in the tax basis of Premier LP's assets resulting from Premier, Inc.'s purchase of Class B common units from the member owners and of certain other tax benefits related to our entering into the tax receivable agreement.

The unaudited pro forma consolidated financial information reflects the manner in which we will account for the Reorganization. Specifically, we will account for the Reorganization as a non-substantive transaction in a manner similar to a transaction between entities under common control pursuant to Accounting Standards Codification Topic 805, *Business Combinations.* Accordingly, after the Reorganization, the assets and liabilities of Premier, Inc. will be reflected at their carryover basis. The unaudited pro forma consolidated financial information is included for informational purposes only and does not purport to reflect our results of operations or financial position that would have occurred had we operated as a public company during the periods presented. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our financial condition or results of operations had the Reorganization and this offering and the contemplated use of the net proceeds from this offering as described under "Structure" and "Use of Proceeds" occurred on the dates assumed. The unaudited pro forma consolidated financial information also does not project our results of operations or financial position for any future period or date.

The unaudited pro forma consolidated financial information presented assumes (i) no exercise by the underwriters of their overallotment option to purchase up to an additional 4,222,793 shares of Class A common stock from us, and (ii) except as otherwise set forth in the footnotes to this section, all of our member owners prior to the Reorganization will continue as member owners subsequent to the Reorganization and this offering.

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Unaudited Pro Forma Consolidated Balance Sheet
As of June 30, 2013

(In Thousands, Except Per Share Amounts)	PHSI Actual	Pro Forma Adjustments	Premier, Inc. Pro Forma
Assets			
Current assets			
Cash and cash equivalents	$ 198,296	$ 170,640(1)	$ 368,936
Marketable securities	57,323		57,323
Accounts receivable, net	62,224		62,224
Inventories	12,741		12,741
Prepaid expenses and other current assets	25,404	(3,089)(2)	22,315
Due from related party	1,650		1,650
Deferred tax assets	8,403		8,403
Total current assets	366,041	167,551	533,592
Investments	6,676		6,676
Property and equipment, net	115,587		115,587
Restricted cash	5,000		5,000
Deferred tax assets	15,077	286,111(3)	301,188
Goodwill	61,410		61,410
Intangible assets, net	4,292		4,292
Other assets	24,833		24,833
Total assets	$ 598,916	$ 453,662	$ 1,052,578
Liabilities, redeemable limited partners' capital and stockholders' equity			
Current liabilities			
Accounts payable and accrued expenses	$ 61,203	$	$ 61,203
Accrued compensation and benefits	51,359		51,359
Deferred revenue	18,880		18,880
Current portion of notes payable	12,149		12,149
Payable pursuant to tax receivable agreement		9,835(3)	9,835
Income tax payable	3	11,909(4)	11,912
Other current liabilities	1,554		1,554
Total current liabilities	145,148	21,744	166,892
Notes payable, less current portion	22,468		22,468
Payable pursuant to tax receivable agreement, less current portion		187,654(3)	187,654
Long-term liabilities	45,897		45,897
Total liabilities	213,513	209,398	422,911
Redeemable limited partners' capital	307,635	116,358(5)	423,993
Stockholders' equity:			
Series A Preferred stock, par value $0.01, 400,000 shares authorized; no shares issued and outstanding			
Common stock, par value $0.01, 12,250,000 shares authorized; 5,653,390 shares issued and outstanding, no shares outstanding on a pro forma basis	57	(57)(6)	
Class A common stock, par value $0.01, 500,000,000 shares authorized; 28,151,958 shares issued and outstanding on a pro forma basis		282(6)	282
Class B common stock, par value $0.000001, 600,000,000 shares authorized; 112,607,832 shares issued and outstanding on a pro forma basis		(6)	
Additional paid-in capital	28,866	139,593(7)	168,459
Common stock subscribed	300	(300)(6)	
Subscriptions receivable	(300)	300(6)	
Retained earnings	50,599	(11,909)(4)	38,690

Noncontrolling interest	(1,754)		(1,754)
Accumulated other comprehensive loss		(3)(5)	(3)
Total stockholders' equity	77,768	127,906	205,674
Total liabilities, redeemable limited partners' capital and stockholders' equity	$ 598,916	$ 453,662	$ 1,052,578

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Unaudited Pro Forma Consolidated Statement of Income
For the Fiscal Year Ended June 30, 2013

(In Thousands, Except Per Share Amounts)	PHSI Actual	Pro Forma Adjustments	Premier, Inc. Pro Forma
Net revenue:			
Net administrative fees	$ 519,219	$ (105,012)(8)	$ 414,207
Other services and support	205,685		205,685
Services	724,904	(105,012)	619,892
Products	144,386		144,386
	869,290	(105,012)	764,278
Cost of revenue:			
Services	103,795		103,795
Products	133,618		133,618
	237,413		237,413
Gross profit	631,877	(105,012)	526,865
Operating expenses:			
Selling, general and administrative	248,301		248,301
Research and development	9,370		9,370
Amortization of purchased intangible assets	1,539		1,539
	259,210		259,210
Operating income	372,667	(105,012)	267,655
Other income, net	12,145		12,145
Income before income taxes	384,812	(105,012)	279,800
Income tax expense	9,726	19,910(9)	29,636
Net income	375,086	(124,922)	250,164
Add: Net loss attributable to noncontrolling interest in S2S Global	1,479		1,479
Less: Net income attributable to noncontrolling interest in Premier LP	(369,189)	150,726(3)	(218,463)
Net income attributable to noncontrolling interest	(367,710)	150,726	(216,984)
Net income attributable to Premier, Inc.	$ 7,376	$ 25,804	$ 33,180
Earnings per share of Class A common stock			
Basic			$ 1.18(10)
Diluted			1.18
Weighted average shares of Class A common stock			
Basic			28,152(11)
Diluted			28,152

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(1)

Reflects net effect on cash and cash equivalents of the receipt of gross proceeds from this offering of $760.1 million and the purchase of units from the member owners described in "Use of Proceeds."

(In Thousands)		
Actual cash as reported		$ 198,296
Pro forma adjustments		
Gross proceeds from this offering	760,103	
Underwriting discounts, commissions and other expenses	(45,606)	
Purchase of Premier LP Class B common units from the member owners	(543,857)	
		170,640
Pro forma cash balance		$ 368,936

(2)

Reflects the reduction of prepaid expenses related to this offering, with an offset to the proceeds of this offering in additional paid-in capital.

(3)

Premier LP intends to have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended, or the Code, and comparable elections under state and local tax law, such that the initial sale of Class B common units by PHSI and the member owners will result in adjustments to the tax basis of the assets of Premier LP. These increases in tax basis are expected to increase (for tax purposes) the depreciation and amortization deductions by Premier LP, and therefore, to reduce the amount of income tax that Premier, Inc. would otherwise be required to pay in the future. In connection with the Reorganization and this offering, Premier, Inc. has entered into a tax receivable agreement with the member owners which will become effective upon the completion of the Reorganization and this offering, pursuant to which we agree to pay to the member owners, generally over a 15-year period (under current law), 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local and franchise income tax that we actually realize (or are deemed to realize, in the case of payments required to be made upon certain occurrences under such tax receivable agreement) as a result of the increases in tax basis resulting from the sale or exchange of Class B common units by the member owners. The unaudited pro forma consolidated financial statements reflect adjustments (shown in the pro forma adjustments column above) to give effect to the Section 754 election and the tax receivable agreement (as further described in "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement") as a result of the Reorganization (as described under "Structure") based on the following assumptions:

The unaudited pro forma consolidated financial statements include adjustments to reflect the expected increase in deferred tax assets representing the income tax effects of the increases in the tax basis as a result of Premier LP's election under Section 754 of the Code in connection with the initial sale of Class B common units described above. This adjustment is calculated based on an estimated effective income tax rate for Premier of 39%, which includes a provision for U.S. federal income taxes and assumes (i) Premier, Inc.'s estimated statutory rates apportioned to each state and local tax jurisdiction, (ii) that there are no material changes in the relevant tax law, and (iii) that Premier, Inc. earns sufficient taxable income in each year to realize the full tax benefit of the amortization of its assets.

We will determine the adjustments in connection with the Section 754 election by first calculating the excess of each selling member owner's and PHSI's selling price over such person's share of Premier LP's tax basis in its assets attributable to the Class B common units being sold to Premier, Inc. We will then allocate the aggregate excess among Premier LP's assets following applicable tax regulations governing adjustments that result from the Section 754

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election. We will determine each selling member owner's share of the tax basis in Premier LP's assets attributable to the Class B common units sold to us by multiplying the member owner's tax capital account balance as of the date of sale as maintained in Premier LP's books and records by a fraction, the numerator of which is the number of Class B common units sold to us, and the denominator of which is the number of Class B common units held by the selling member owner immediately prior to the sale. For purposes of the calculation, the selling price per Class B common unit will equal the price paid per share of the Class A common stock by the underwriters to us in the initial public offering. The adjustments are expected to increase Premier LP's basis in its assets (for tax purposes), and we will calculate the amount of any depreciation, amortization and other deductions to which it will be entitled as a result of these adjustments. We will then calculate Premier, Inc.'s tax liability with and without the deductions attributable to these adjustments, assuming that Premier, Inc. earns sufficient taxable income in each year to realize the full benefit of the deductions. We will compute the estimated tax benefit attributable to the election as the excess of Premier, Inc.'s tax liability as so computed without the deductions over Premier, Inc.'s tax liability as so computed with the deductions. Additionally, the tax receivable agreement payments may give rise to adjustments that result in Premier LP becoming entitled to additional deductions, and the calculation of Premier, Inc.'s liability under the tax receivable agreement would take these adjustments and additional resulting deductions into account.

Premier LP's election under Section 754 of the Code is at the discretion of Premier LP and is not subject to review or approval by the IRS or other tax authorities. The computation of the adjustments resulting from the Section 754 election and Premier Inc.'s tax liability is subject to audit by the IRS and other tax authorities in the same manner as all other items reported on income tax returns.

The unaudited pro forma consolidated financial statements include cumulative adjustments of $197.5 million, of which $9.8 million is expected to be paid in the next 12 months, and is reflected as a current liability with the remaining balance classified as a long-term liability, to reflect a liability equal to 85% of the estimated realizable tax benefit resulting from the estimated increase in tax basis due to Premier LP's Section 754 election in connection with the initial sale by the member owners, as of the Class B common units described above as an increase to payable pursuant to the tax receivable agreement.

The unaudited pro forma consolidated financial statements include adjustments to reflect deferred tax assets for the change in the allocation of Premier LP's income from 1% of operating income and 5% of investment income to PHSI prior to the Reorganization to approximately 20% of Premier LP's income to Premier, Inc. (indirectly through Premier GP), measured by the difference in the tax basis of Premier, Inc.'s investment in Premier LP as compared to its GAAP carrying value. The adjustments related to Premier LP's Section 754 election described above are a component of Premier, Inc.'s tax basis in Premier LP.

Pursuant to the terms of the exchange agreement, the member owners and new limited partners admitted to Premier LP following the completion of this offering may subsequently exchange Class B common units in Premier LP for shares of our Class A common stock, cash or a combination of both. Any subsequent exchanges of Class B common units for shares of our Class A common stock pursuant to the exchange agreement may result in increases in the tax basis of the tangible and intangible assets of Premier LP (85% of the realized tax benefits from which will be due to the limited partners and recorded as an additional payable pursuant to the tax receivable agreement) that otherwise would not have been available. These subsequent exchanges have not been reflected in the unaudited pro forma consolidated financial statements.

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(4) Reflects taxes payable due as a result of the purchase of Class B common units of Premier LP from PHSI.

(5) Reflects the increase in the noncontrolling interest held by the limited partners in Premier LP resulting from the net proceeds from this offering used to purchase Class A common units of Premier LP from Premier LP of $140.6 million and Class B common units of Premier LP from PHSI of $18.2 million, net of taxes of $11.9 million, and the contribution of the common stock of PHSI in connection with the Reorganization of $77.8 million. This is offset by an adjustment of $120.1 million to reflect the 80% noncontrolling interest to be held by the limited partners of Premier LP subsequent to the Reorganization and this offering, which is reflected in redeemable limited partners' capital on the unaudited pro forma consolidated balance sheet. Immediately following the effective date of the LP Agreement (as described in "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Amended and Restated Limited Partnership Agreement of Premier LP"), all of Premier LP's limited partners that approved the Reorganization will receive Class B common units and capital account balances in Premier LP equal to their percentage interests and capital account balances in Premier LP immediately preceding the Reorganization. We intend to use a portion of the net proceeds from this offering to purchase (i) Class A common units of Premier LP, (ii) Class B common units of Premier LP from PHSI and (iii) Class B common units of Premier LP from the member owners, resulting in a reduction in the noncontrolling interest attributable to the limited partners from 99% to approximately 80%.

(6) Reflects (i) the exchange of the existing PHSI shares of common stock, common stock subscribed and related subscriptions receivable for Class B common units of Premier LP, (ii) the issuance of Class B common stock in connection with the Reorganization and (iii) the issuance of Class A common stock in connection with this offering.

(7) Reflects the impact of the adjustments in notes (1), (2), (3), (5) and (6) above to additional paid-in capital:

- an increase of $88.6 million due to an increase in deferred tax assets described in note (3) of $286.1 million offset by an increase in payables pursuant to the tax receivable agreement of $197.5 million;
- an increase of $714.5 million from the net proceeds from this offering less the par value of the shares of Class A common stock sold in this offering of $0.3 million and less prepaid offering expenses of $3.1 million; and
- a decrease of $660.1 million to reflect the difference between the consideration paid to acquire the Class A and B common units and the adjustment to the carrying value of the noncontrolling interest described in note (5) above.

Total adjustment to additional paid-in capital is an increase of $139.6 million.

(8) Following the completion of the Reorganization and this offering, we will be contractually required under the GPO participation agreements to pay each member owner revenue share from Premier LP equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts. In addition, our two largest regional GPO member owners, which represented approximately 17% of our gross administrative fees revenue for fiscal year 2013, will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us. Historically, we have not generally had a contractual requirement to pay revenue share to member owners participating in our GPO programs, but have paid semi-annual distributions of partnership income. In the case

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of the six month period ended June 30, 2013 we will pay a semi-annual cash distribution of partnership income of approximately $198.0 million. In addition, following the completion of the Reorganization and this offering, we intend to pay a cash distribution of partnership income in an amount of up to $78.0 million, calculated in a consistent manner with our historical semi-annual distributions pursuant to the existing limited partnership agreement of Premier LP, to our member owners who approved the Reorganization for the period from July 1, 2013 through the effective date of the Reorganization. These distributions are not reflected in these unaudited pro forma consolidated financial statements. In addition, certain non-owner members have historically operated under, and following the completion of the Reorganization and this offering will continue to operate under, contractual relationships that provide for a specific revenue share that differs from the 30% revenue share that we will provide to our member owners under the GPO participation agreements following the Reorganization and this offering. As a result, our revenue share expense is expected to be approximately 36% of gross administrative fees following the completion of the Reorganization and this offering, compared to approximately 20% of gross administrative fees for the fiscal year ended June 30, 2013, which will result in a decrease in net revenue for the fiscal year ended June 30, 2014 when compared to the actual net revenue for the prior fiscal years which are not reflected on a pro forma basis. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement." These unaudited pro forma consolidated financial statements assume that all of our member owners prior to the Reorganization will continue as member owners subsequent to the Reorganization and this offering and, therefore, do not reflect any possible loss in revenue if any member owners cease to continue as member owners. In addition, the unaudited pro forma consolidated financial statements assume that all of the gross administrative fees attributable to non-owner members that converted to member owners during the fiscal year are treated as fees attributable to member owners for the entire fiscal year. Pro forma revenue share is calculated at 30% from their respective dates of conversion from non-owner members to member owners. The table below summarizes the pro forma effect of the new member owner GPO participation agreements on net administrative fees following the Reorganization:

	Fiscal year ended June 30, 2013		
(In Thousands)	**Actual**	**Pro forma Adjustment**	**Pro forma**
Gross administrative fees			
Member owners	$ 471,045	$	$ 471,045
Non-owner members*	175,365		175,365
Total gross administrative fees	646,410		646,410
Revenue share			
Member owners		(105,012)	(105,012)
Non-owner members*	(127,191)		(127,191)
Total revenue share	(127,191)	(105,012)	(232,203)
Net administrative fees	$ 519,219	$ (105,012)	$ 414,207

* Includes gross administrative fees and related revenue share of $31,885 related to Innovatix. Innovatix receives 100% revenue share pursuant to its group purchasing arrangement with Premier LP described in "Certain Relationships and Related Party Transactions Other Related Party Transactions." PHSI, as result of its wholly owned subsidiary PSCI's 50% ownership interest in Innovatix, receives 50% of Innovatix's earnings which are reflected in equity in net income of unconsolidated affiliates on the statements of income.

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(9)

Upon the completion of the Reorganization and this offering, Premier, Inc. will be subject to additional U.S. federal, state and local income taxes with respect to its additional allocable share of any taxable income of Premier LP. As a result, there is a pro forma adjustment to income tax expense to reflect an estimated effective income tax rate of 39%, which includes a provision for U.S. federal income taxes and assumes Premier, Inc.'s estimated statutory rates apportioned to each state and local tax jurisdiction. The low effective tax rate is attributable to the flow through of partnership income which is not subject to federal income taxes. For federal income tax purposes, income realized by Premier LP is taxable to its partners.

(10)

Pro forma basic and diluted earnings per share was computed by dividing the pro forma net income attributable to Premier, Inc. by the 28,151,958 shares of Class A common stock that we will issue and sell in this offering (assuming that the underwriters do not exercise their overallotment option to purchase up to an additional 4,222,793 shares of Class A common stock from us). The shares of Class B common stock do not share in our earnings and are therefore not included in the weighted average shares outstanding or earnings per share.

(11)

Reflects the issuance of 28,151,958 shares of Class A common stock in this offering.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth selected historical consolidated financial and operating data. Premier, Inc. has had no operations to date and, therefore, the information below is presented for reporting purposes only for Premier, Inc.'s predecessor company, PHSI, which, upon the completion of the Reorganization and this offering will be a consolidated subsidiary of Premier, Inc. The following selected historical consolidated financial and other data of PHSI should be read together with "Structure," "Unaudited Pro Forma Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and related notes included elsewhere in this prospectus.

We derived the selected historical consolidated statements of income data of PHSI for each of the fiscal years ended June 30, 2013, 2012 and 2011 and the selected historical consolidated balance sheet data as of June 30, 2013 and 2012 from the audited consolidated financial statements of PHSI which are included elsewhere in this prospectus. We have derived the selected historical consolidated balance sheet data as of June 30, 2011 from the audited consolidated financial statements of PHSI which are not included in this prospectus.

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(In Thousands, Except Per Share Amounts)	Fiscal Year Ended June 30, 2013	2012[1]	2011[2]
Consolidated Statements of Income Data:			
Net revenue:			
Net administrative fees[3]	$ 519,219	$ 473,249	$ 457,951
Other services and support	205,685	178,552	158,179
Services	724,904	651,801	616,130
Products	144,386	116,484	64,628
Total net revenue	869,290	768,285	680,758
Cost of revenue	237,413	189,719	119,875
Gross profit	631,877	578,566	560,883
Operating expenses:			
Selling, general and administrative	248,301	240,748	242,863
Research and development	9,370	12,583	8,685
Amortization of purchased intangible assets	1,539	3,146	3,463
Total operating expenses	259,210	256,477	255,011
Operating income	372,667	322,089	305,872
Other income, net[4]	12,145	12,808	11,092
Income before income taxes	384,812	334,897	316,964
Income tax expense	9,726	8,229	4,704
Net income	375,086	326,668	312,260
Add: Net loss attributable to noncontrolling interest in S2S Global[5]	1,479	608	
Less: Net income attributable to noncontrolling interest in Premier LP[6]	(369,189)	(323,339)	(309,840)
Net income attributable to noncontrolling interest	(367,710)	(322,731)	(309,840)
Net income attributable to PHSI	$ 7,376	$ 3,937	$ 2,420
Earnings per share basic and diluted	$ 1.26	$ 0.64	$ 0.39
Weighted average shares of common stock basic and diluted	5,858	6,183	6,273
Consolidated Balance Sheet Data:			
Cash, cash equivalents and marketable securities	$ 255,619	$ 241,669	$ 251,609
Working capital[7]	220,893	200,799	193,162
Property and equipment, net	115,587	101,630	86,140
Total assets	598,916	554,939	532,361
Deferred revenue[8]	18,880	19,820	17,911
Total liabilities	213,513	196,990	199,464
Redeemable limited partners' capital[9]	307,635	279,513	257,459
Common stock	57	61	62
Additional paid-in capital	28,866	35,427	36,090
Retained earnings	50,599	43,223	39,286
Total stockholders' equity	77,768	78,436	75,438

(1) Amounts include the results of operations of S2S Global in our supply chain services segment from December 6, 2011, the date of acquisition of 60% of the outstanding shares of common stock of S2S Global for $500,000.

(2) Amounts include the results of operations of Commcare in our supply chain services segment from November 1, 2010, the date of acquisition of all of the outstanding shares of common stock of Commcare for $35.9 million.

(3) Net administrative fees reflects our gross administrative fees revenue net of revenue share. Gross administrative fees revenue includes all administrative fees (i) we receive pursuant to our GPO supplier

contracts, and (ii) remitted to us based upon purchasing by our member owners' member facilities through the member owners' own GPO supplier contracts. Revenue share represents the portion of the administrative fees we are contractually obligated to share with our member owners and certain of our other members participating in our GPO programs.

(4) Other income, net consists primarily of equity in net income of unconsolidated affiliates related to our 50% ownership interest in Innovatix, interest income, net and realized gains and losses on our marketable securities (which represent our interest and investment income, net) and gain or loss on disposal of assets.

(5) PHSI currently owns a 60% voting and economic interest in S2S Global. Net loss attributable to noncontrolling interest in S2S Global represents the portion of net loss attributable to the noncontrolling equityholders of S2S Global (40%).

(6) PHSI, through Premier Plans, currently owns a 1% controlling general partnership interest in Premier LP. Net income attributable to noncontrolling interest in Premier LP represents the portion of net income attributable to the limited partners of Premier LP (99%).

(7) Working capital represents the excess of total current assets over total current liabilities.

(8) Deferred revenue is primarily related to deferred subscription fees and deferred advisory fees in our performance services segment and consists of unrecognized revenue related to advanced member invoicing or member payments received prior to fulfillment of our revenue recognition criteria.

(9) Redeemable limited partners' capital consists of the limited partners' 99% ownership of Premier LP which, pursuant to the terms of the existing limited partnership agreement of Premier LP, Premier LP is required to repurchase upon the withdrawal of such limited partner and is therefore classified as temporary equity in the mezzanine section of the consolidated balance sheet.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Premier, Inc. has had no operations to date and, therefore, the information below is presented only for PHSI, Premier, Inc.'s predecessor company which, upon the completion of the Reorganization and this offering, will be a consolidated subsidiary of Premier, Inc. After giving effect to the Reorganization and this offering, Premier, Inc.'s assets and business operations will be substantially similar to those of its predecessor company and Premier, Inc. will conduct all of its business through Premier LP and its subsidiaries.

The following discussion and analysis of our financial condition and results of operations should be read together with "Structure," "Unaudited Pro Forma Consolidated Financial Information," "Selected Consolidated Financial and Other Data" and our historical financial statements and related notes and other financial information appearing elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risk, uncertainties and assumptions. See "Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including those discussed in "Risk Factors" and elsewhere in this prospectus.

Business Overview

Our Business

We are a national healthcare alliance, consisting of approximately 2,900 U.S. hospitals, 100,000 alternate sites and 400,000 physicians, that plays a critical role in the U.S. healthcare industry. We unite hospitals, health systems, physicians and other healthcare providers with the common goal of improving and innovating in the clinical, financial and operational areas of their business to meet the demands of a rapidly evolving healthcare industry. We deliver value through a comprehensive technology-enabled platform which offers critical supply chain services, clinical, financial, operational and population health SaaS informatics products, advisory services and performance improvement collaborative programs.

We are currently owned by 181 U.S. hospitals, health systems and other healthcare organizations and, upon the completion of the Reorganization and this offering, all of them will own shares of our Class B common stock representing approximately 80% of our outstanding common stock (or approximately 78% if the underwriters exercise their overallotment option in full). Our current membership base includes many of the country's most progressive and forward-thinking healthcare organizations and we continually seek to add new members that are at the forefront of innovation in the healthcare industry. Our members include organizations such as Adventist Health, Adventist Health System, Banner Health, Bon Secours Health System, Inc., Catholic Health Partners, Dignity Health, Geisinger Health System, members and affiliates of the Greater New York Hospital Association, Texas Health Resources, Universal Health Services, University Hospitals Health System and the University of Texas MD Anderson Cancer Center. Our alliance was formed in 1996 through the merger of American Healthcare Systems, Premier Health Alliance and SunHealth Alliance, the oldest entity of which was formed in 1969. Approximately 72% of our member owners have been part of our alliance for more than 10 years, with an average tenure across our entire membership of approximately 14 years as of June 30, 2013.

The value we provide to our members through our integrated platform of solutions is evidenced by (i) retention rates for members participating in our GPO in the supply chain services segment (determined based on aggregate contract purchasing volume) with an average of 96% for the last three fiscal years and renewal rates for our SaaS informatics products subscriptions in the performance services segment (determined based on aggregate contract dollar value) with an average of 92% for the last three fiscal years, (ii) an overall net revenue CAGR of 13% from fiscal year 2011 through fiscal year 2013, (iii) the fact that as of June 30, 2013, 34% of our U.S. hospital members use both our supply chain services and at least one of our SaaS informatics products and (iv) the fact that our members have partnered through Premier to create some of the largest performance improvement

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collaboratives in emerging areas of healthcare such as accountable care, bundled payment and readmission management. For more information, see "Business."

Our Business Segments

Our business model and solutions are designed to provide our members access to scale efficiencies, spread the cost of their development, derive intelligence from our data warehouse, mitigate the risk of innovation and disseminate best practices that will help our member organizations succeed in their transformation to higher quality and more cost-effective healthcare. We deliver our integrated platform of solutions that address the areas of total cost management, quality and safety improvement and population health management through two business segments: supply chain services and performance services. Our supply chain services segment includes one of the largest healthcare GPOs in the United States, serving acute and alternate sites, a specialty pharmacy and our direct sourcing activities. Our performance services segment includes one of the largest informatics and advisory services businesses in the United States focused on healthcare providers. Our SaaS informatics products utilize our comprehensive data set to provide actionable intelligence to our members, enabling them to benchmark, analyze and identify areas of improvement across three main categories: cost management, quality and safety and population health management. This segment also includes our technology-enabled performance improvement collaboratives.

Basis of Presentation and Consolidation

The consolidated financial statements included elsewhere in this prospectus include the balance sheets, statements of income, statements of stockholders' equity and statements of cash flows of our predecessor, PHSI, and all entities in which PHSI currently has a controlling interest prior to the Reorganization. PHSI, through its wholly owned subsidiary, Premier Plans, currently holds a 1% general partner interest in and, as a result, consolidates the balance sheets, statements of income, statements of stockholders' equity and statements of cash flows of, Premier LP. The limited partners' 99% ownership of Premier LP is reflected as "redeemable limited partners' capital" in the consolidated balance sheets of PHSI included elsewhere in this prospectus and their proportionate share of income in Premier LP is reflected within "net income attributable to noncontrolling interest in Premier LP" in the consolidated statements of income of PHSI included elsewhere in this prospectus. All significant intercompany accounts have been eliminated in consolidation. We have prepared the accompanying consolidated financial statements in accordance with GAAP and pursuant to the rules and regulations of the SEC.

Effects of the Reorganization

Premier, Inc. was formed for the purpose of this offering and has engaged to date only in activities in contemplation of this offering. Premier, Inc. will be a holding company and its sole asset immediately following the Reorganization and this offering will be all of the outstanding interests in Premier GP, the general partner of Premier LP. Upon the completion of the Reorganization and this offering, all of our business will be conducted through Premier LP, and the financial results of Premier LP and its consolidated subsidiaries will be consolidated in our financial statements.

Prior to the Reorganization and this offering, the capital structure of Premier LP consisted of partnership interests separated in two divisions, each of which had its own set of capital account balance threshold amounts. Once a holder's capital account balance exceeded such threshold amounts, the holder was eligible to share in future distributions from Premier LP. In connection with the Reorganization and this offering, Premier LP, Premier GP and the member owners have entered into the new LP Agreement which will become effective upon the completion of the Reorganization and this offering and which will, immediately following the effective date, modify Premier LP's capital structure by creating two classes of units, Class A common units and Class B common units, and

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eliminate the existing partnership units. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Amended and Restated Limited Partnership Agreement of Premier LP." Immediately following the effective date of the LP Agreement, all of Premier LP's limited partners that approved the Reorganization will receive Class B common units and capital account balances in Premier LP equal to their percentage interests and capital account balances in Premier LP immediately preceding the Reorganization. The LP Agreement will designate Premier GP as the general partner of Premier LP. Additionally, immediately following the effective date of the LP Agreement, all of the stockholders (consisting of member owners) of PHSI that approved the Reorganization will contribute their PHSI common stock to Premier LP in exchange for additional Class B common units based on such stockholder's percentage interest in the fair market valuation of PHSI and Premier LP prior to the Reorganization. As a result of the foregoing contribution, PHSI will become a wholly owned subsidiary of Premier LP. See "Structure."

We intend to use a portion of the net proceeds from this offering to purchase (i) Class A common units of Premier LP (ii) Class B common units of Premier LP from PHSI and (iii) Class B common units of Premier LP from the member owners, resulting in a reduction in the noncontrolling interest attributable to the limited partners of Premier LP from 99% to approximately 80%. As a result of this acquisition of Class B common units of Premier LP from the member owners, and any subsequent exchanges of Class B common units with us for shares of Class A common stock pursuant to the exchange agreement, we expect to become entitled to special tax benefits attributable to tax basis adjustments involving amounts generally equal to the difference between our purchase price for the acquired Class B common units (or, in the case of an exchange, the value of the shares of Class A common stock issued by us) and our share of the historic tax basis in Premier LP's tangible and intangible assets that is attributable to the acquired Class B common units. We have agreed in our tax receivable agreement with the member owners to pay to the member owners 85% of the amount, if any, by which our tax payments to various tax authorities are reduced as a result of these special tax benefits. We are also obligated to make certain other payments on the occurrence of certain events that would terminate the tax receivable agreement with respect to certain member owners. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement." The tax basis adjustments, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including the timing of any exchanges between us and the member owners, the amount and timing of our income, the net proceeds from the offering, the applicable effective combined federal, foreign, state and local income and franchise tax rates in effect at the time of the tax basis adjustments, and the amount and timing of the amortization and depreciation deductions and other tax benefits attributable to the tax basis adjustments.

In connection with the Reorganization and this offering, all of our member owners have entered into GPO participation agreements with Premier LP, which will become effective upon the completion of the Reorganization and this offering. Pursuant to the terms of its GPO participation agreement, each of these member owners will receive revenue share from Premier LP equal to 30% of all gross administrative fees collected by Premier LP based upon purchasing by such member owner's member facilities through our GPO supplier contracts. In addition, our two largest regional GPO member owners, which represented approximately 17% of our gross administrative fees revenue for fiscal year 2013, will each remit all gross administrative fees collected by such member owner based upon purchasing by such member owner's member facilities through the member owner's own GPO supplier contracts and receive revenue share from Premier LP equal to 30% of such gross administrative fees remitted to us. Subject to certain termination rights, these GPO participation agreements will be for an initial five-year term, although our two largest regional GPO member owners have entered into agreements with seven-year terms. The terms of the GPO participation agreements vary as a result of provisions in our existing arrangements with member owners that conflict with the terms of the GPO participation agreement and which by the express terms of the GPO participation agreement are

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incorporated by reference and deemed controlling and will continue to remain in effect. In certain other instances, Premier LP and member owners have entered into GPO participation agreements with certain terms that vary from the standard form, which were approved by the member agreement review committee of our board of directors, based upon regulatory constraints, pending merger and acquisition activity or other exigent circumstances affecting those member owners. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering GPO Participation Agreement." Approximately 3% of our member owners as of June 30, 2013 elected not to consent to the Reorganization and therefore will not continue to be member owners following completion of the Reorganization and this offering, which we believe will not have a material impact on our financial performance. Historically, we have not generally had a contractual requirement to pay revenue share to member owners participating in our GPO programs, but have paid semi-annual distributions of partnership income. In the case of the six month period ended June 30, 2013 we will pay a semi-annual cash distribution of partnership income of approximately $198.0 million. In addition, following the completion of the Reorganization and this offering, we intend to pay a cash distribution of partnership income in an amount of up to $78.0 million, calculated in a consistent manner with our historical semi-annual distributions pursuant to the existing limited partnership agreement of Premier LP, to our member owners who approved the Reorganization for the period from July 1, 2013 through the effective date of the Reorganization. In addition, certain non-owner members have historically operated under, and following the completion of the Reorganization and this offering will continue to operate under, contractual relationships that provide for a specific revenue share that differs from the 30% revenue share that we will provide to our member owners under the GPO participation agreements following the Reorganization and this offering. As a result, our revenue share expense is expected to be approximately 36% of gross administrative fees following the completion of the Reorganization and this offering, compared to approximately 20% of gross administrative fees for the fiscal year ended June 30, 2013, which will result in a decrease in net revenue for the fiscal year ended June 30, 2014 when compared to the actual net revenue for the prior fiscal years which are not reflected on a pro forma basis.

In accordance with the LP Agreement, subject to applicable law or regulation and the terms of Premier LP's financing agreements, Premier GP will cause Premier LP to make quarterly distributions out of its estimated taxable net income to Premier GP and to the holders of Class B common units as a class in an aggregate amount equal to Premier LP's total taxable income for each such quarter multiplied by the effective combined federal, state and local income tax rate then payable by Premier, Inc. to facilitate payment by each Premier LP partner of taxes, if required, on its share of taxable income of Premier LP. In addition, in accordance with the LP Agreement, Premier GP may cause Premier LP to make additional distributions to Premier GP and to the holders of Class B common units as a class in proportion to their respective number of units, subject to any applicable restrictions under Premier LP's financing agreements or applicable law. Premier GP will distribute any amounts it receives from Premier LP to Premier, Inc., which Premier, Inc. will use to (i) pay applicable taxes, (ii) meet its obligations under the tax receivable agreement, and (iii) meet its obligations to the member owners under the exchange agreement if they elect to convert their Class B common units for shares of our Class A common stock and we elect to pay some or all of the consideration to such member owners in cash.

We expect to incur strategic and financial restructuring expenses in connection with the Reorganization and this offering of approximately $5.5 million of which $5.2 million was incurred during fiscal year 2013. In addition, we anticipate future ongoing incremental expenses associated with being a public company to approximate $4.2 million on an annual basis, excluding share-based compensation expense related to the equity incentive plan established in connection with the Reorganization and this offering.

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Market and Industry Trends and Outlook

We expect that certain trends and economic or industry-wide factors will continue to affect our business, both in the short-term and long-term. We have based our expectations described below on assumptions made by us and on the basis of information currently available to us. To the extent our underlying assumptions about, or interpretation of, available information prove to be incorrect, our actual results may vary materially from our expected results. Please read "Risk Factors" for additional information about the risks associated with purchasing our Class A common stock.

Trends in the U.S. healthcare market affect our revenues in the supply chain services and performance services segments. The trends we see affecting our current healthcare business include the implementation of healthcare reform legislation, expansion of insurance coverage, intense cost pressure, payment reform, provider consolidation, shift in care to the alternate site market and increased data availability and transparency. To meet the demands of this environment, there will be increased focus on scale and cost containment and healthcare providers will need to measure and report on, and bear financial risk for, outcomes. We believe these trends will result in increased demand for our supply chain services and performance services solutions in the areas of cost management, quality and safety, population health management and our Enterprise Provider Analytics Platform.

Key Components of Our Results of Operations

Net Revenue

Net revenue consists of (i) service revenue which includes net administrative fees revenue and other services and support revenue and (ii) product revenue. Net administrative fees revenue consists of GPO administrative fees in our supply chain segment. Other services and support revenue consists primarily of fees generated by our performance services segment in connection with our SaaS informatics products subscriptions, advisory services and performance improvement collaborative subscriptions. Product revenue consists of specialty pharmacy and direct sourcing product sales, which are included in the supply chain segment.

Supply Chain Services

Through our group purchasing program, we aggregate the purchasing power of our members to negotiate pricing discounts and improve contract terms with suppliers. Contracted suppliers pay administrative fees to us which generally represent 1% to 3% of the purchase price of goods and services sold to members under the contracts we have negotiated. Administrative fees are recognized as revenue in the period in which the respective supplier reports customer purchasing data, usually 30 to 60 days following the month or quarter in arrears of actual customer purchase activity. The supplier report proves that the delivery of product or service has occurred, the administrative fees are fixed and determinable based on reported purchasing volume, and collectability is reasonably assured. Member and supplier contracts substantiate persuasive evidence of an arrangement. We do not take title to the underlying equipment or products purchased by members through our GPO supplier contracts.

Net administrative fees revenue related to our GPO represents gross administrative fees received from suppliers, reduced by the amount of any revenue share paid to members. Historically, we have not had a contractual requirement to pay revenue share to our member owners, while certain non-owner members received a specified revenue share from us based on contractual terms equal to a percentage of gross administrative fees that we collected based upon purchasing by such members and their member facilities through our GPO supplier contracts. In connection with the Reorganization and this offering, Premier LP has entered into GPO participation agreements with all of our member owners that will provide for revenue share, effective upon the completion of the Reorganization and this offering. See " Business Overview Effects of the Reorganization" above for additional information. Revenue share is recognized according to the members' contractual agreements with us as the related administrative fees revenue is recognized. Net administrative fees revenue is recognized as the respective supplier reports to us purchasing data by the hospitals, health systems, physicians and other members utilizing our GPO supplier contracts. The number of members that utilize our GPO supplier contracts and the volume of their purchases significantly influence the growth of our net administrative fees revenue. The number of members with contractual arrangements that provide for differing levels of revenue share and their use of our GPO supplier contracts relative to our member owners' use of our GPO supplier contracts influence the level of revenue share incurred as a percentage of gross administrative fees.

Specialty pharmacy revenue is recognized when a product is accepted and is recorded net of the estimated contractual adjustments under agreements with Medicare, Medicaid and other managed care plans, as described below. Payments for the products provided under such agreements are based on defined allowable reimbursements rather than on the basis of standard billing rates. The difference between the standard billing rate and allowable reimbursement rate results in contractual adjustments which are recorded as deductions from net revenue. Our specialty pharmacy revenue will be influenced by the number of members that utilize our specialty pharmacy as well as the impact of changes in the defined allowable reimbursement amounts determined by Medicare, Medicaid and other managed care plans.

Direct sourcing revenue is recognized upon delivery of medical products to members once the title and risk of loss have been transferred. Our direct sourcing revenue will be influenced by the number of members that purchase products through our direct sourcing activities and the impact of competitive pricing.

Performance Services

Performance services revenue consists of SaaS informatics products subscriptions, performance improvement collaboratives and other service subscriptions, professional fees for advisory services, and insurance services management fees and commissions from group-sponsored insurance programs.

SaaS informatics products subscriptions include the right to use our proprietary hosted technology on a SaaS basis, training and member support to deliver improvements in cost management, quality and safety, population health management and provider analytics. Pricing varies by subscription and size of the subscriber. Informatics subscriptions are generally three to five year agreements with automatic renewal clauses and annual price escalators that typically do not allow for early termination. These agreements do not allow for physical possession of the software. Subscription fees are typically billed on a monthly basis and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Implementation involves the completion of data preparation services that are unique to each member's data set and, in certain cases, the installation of member site-specific software, in order to access and transfer member data into our hosted SaaS informatics products. Implementation is generally 120 to 150 days following contract execution before the SaaS informatics products can be fully utilized by the member.

Revenue from performance improvement collaboratives and other service subscriptions that support our offerings in cost management, quality and safety and population health management is recognized over the service period, which is generally one year.

Professional fees for advisory services are sold under contracts, the terms of which vary based on the nature of the engagement. Fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed and deliverables are provided. In situations where the contracts have significant contract performance guarantees or member acceptance provisions, revenue recognition occurs when the fees are fixed and determinable and all contingencies, including any refund rights, have been satisfied.

Our performance services growth will be dependent upon the expansion of our SaaS informatics products, performance improvement collaboratives and advisory services to new and existing members and the renewal of existing subscriptions to our SaaS informatics products and participation in our performance improvement collaboratives.

Cost of Revenue

Cost of service revenue includes expenses related to employees (including compensation and benefits) and outside consultants who directly provide services related to revenue-generating activities, including advisory services to members and implementation services related to SaaS informatics products. Cost of service revenue also includes expenses related to hosting services, related data center capacity costs, third-party product license expenses and amortization of the cost of internal use software.

Cost of product revenue consists of purchase and shipment costs for specialty pharmaceuticals and direct sourced medical products. Our cost of product revenue will be influenced by the cost and availability of specialty pharmaceuticals and the manufacturing and transportation costs associated with direct source medical products.

Operating Expenses

Selling, general and administrative expenses consist of expenses directly associated with selling and administrative employees and indirect costs associated with employees that primarily support revenue-generating activities (including compensation and benefits) and travel-related expenses, as well as occupancy and other indirect costs, insurance costs, professional fees, and other general overhead expenses. We expect that general and administrative expenses will increase as we incur additional expenses related to being a public company, including share-based compensation expense related to the equity incentive plan established in connection with the Reorganization and this offering.

Research and development expenses consist of employee-related compensation and benefits expenses, and third-party consulting fees of technology professionals, incurred to develop, support and maintain our software-related products and services.

Amortization of purchased intangible assets includes the amortization of all identified intangible assets resulting from acquisitions.

Other Income, Net

Other income, net consists primarily of equity in net income of unconsolidated affiliates that is generated from our 50% ownership interest in Innovatix. A change in the number of, and use by, members that participate in our GPO programs through Innovatix could have a significant effect on the amount of equity in net income of unconsolidated affiliates earned from this investment. Other income, net also includes interest income, net and realized gains and losses on our marketable securities as well as gain or loss on disposal of assets.

Income Tax Expense

Income tax expense includes the income tax expense attributable to PHSI and PSCI. The low effective tax rate is attributable to the flow through of partnership income which is not subject to federal income taxes. For federal income tax purposes, income realized by Premier LP is taxable to its partners.

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Net Income Attributable to Noncontrolling Interest

PHSI currently owns a 1% controlling general partner interest in Premier LP through its wholly owned subsidiary Premier Plans and a 60% voting and economic interest in S2S Global and therefore consolidates their operating results. Net income attributable to noncontrolling interest represents the portion of net income attributable to the limited partners of Premier LP (99%) and the portion of net loss attributable to the noncontrolling equity holders of S2S Global (40%). We anticipate that our noncontrolling interest attributable to limited partners of Premier LP will be reduced to approximately 80% after the Reorganization.

Other Key Business Metrics

The other key business metrics we consider are Adjusted EBITDA and Segment Adjusted EBITDA.

We define EBITDA as net income before interest and investment income, net, income tax expense, depreciation and amortization and amortization of purchased intangible assets. We define Adjusted EBITDA as EBITDA before merger and acquisition related expenses and non-recurring, non-cash or non-operating items, and including equity in net income of unconsolidated affiliates. We consider non-recurring items to be expenses that have not been incurred within the prior two years and are not expected to recur within the next two years. Such expenses include certain strategic and financial restructuring expenses, office consolidation expenses and expenses associated with the new Charlotte headquarters. Non-operating items include gain or loss on disposal of assets.

We define Segment Adjusted EBITDA as the segment's net revenue less operating expenses directly attributable to the segment excluding depreciation and amortization, amortization of purchased intangible assets, merger and acquisition related expenses and non-recurring or non-cash items, and including equity in net income of unconsolidated affiliates. Operating expenses directly attributable to the segment include expenses associated with sales and marketing, general and administrative and product development activities specific to the operation of each segment. General and administrative corporate expenses that are not specific to a particular segment are not included in the calculation of Segment Adjusted EBITDA.

We use Adjusted EBITDA and Segment Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with GAAP and the reconciliations set forth under "Prospectus Summary Summary Historical and Unaudited Pro Forma Consolidated Financial and Other Data," provides a more complete understanding of factors and trends affecting our business than GAAP measures alone. We believe Adjusted EBITDA and Segment Adjusted EBITDA assist our board of directors, management and investors in comparing our operating performance on a consistent basis from period to period because they remove the impact of our asset base (primarily depreciation and amortization) and items outside the control of our management team (taxes), as well as other non-cash (impairment of intangible assets and purchase accounting adjustments) and non-recurring items, from our operations.

Adjusted EBITDA is a supplemental financial measure used by us and by external users of our financial statements. We consider Adjusted EBITDA an indicator of the operational strength and performance of our business. Adjusted EBITDA allows us to assess our performance without regard to financing methods and capital structure and without the impact of other matters that we do not consider indicative of the operating performance of our business. Segment Adjusted EBITDA is the primary earnings measure we use to evaluate the performance of our business segments.

Despite the importance of these measures in analyzing our business, determining compliance with certain financial covenants in our senior secured revolving credit facility, measuring and determining

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incentive compensation and evaluating our operating performance relative to our competitors, Adjusted EBITDA is not a measurement of financial performance under GAAP, has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or any other measure of our performance derived in accordance with GAAP. Some of the limitations of Adjusted EBITDA and Segment Adjusted EBITDA include:

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect our capital expenditures or our future requirements for capital expenditures or contractual commitments;

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect the interest expense or the cash requirements to service interest or principal payments under our senior secured revolving credit facility;

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect income tax payments we are required to make; and

- Adjusted EBITDA and Segment Adjusted EBITDA do not reflect any cash requirements for replacements of assets being depreciated or amortized.

In addition, Adjusted EBITDA and Segment Adjusted EBITDA are not measures of liquidity under GAAP, or otherwise, and are not alternatives to cash flow from continuing operating activities.

To properly and prudently evaluate our business, we encourage you to review the financial statements and related notes included elsewhere in this prospectus, and to not rely on any single financial measure to evaluate our business. We also strongly urge you to review the reconciliation of our net income to Adjusted EBITDA set forth under "Prospectus Summary Summary Historical and Unaudited Pro Forma Consolidated Financial and Other Data." In addition, because Adjusted EBITDA and Segment Adjusted EBITDA are susceptible to varying calculations, the Adjusted EBITDA and Segment Adjusted EBITDA measures, as presented in this prospectus, may differ from, and may therefore not be comparable to, similarly titled measures used by other companies.

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Results of Operations

Our historical consolidated operating results do not reflect (i) the Reorganization, (ii) this offering and the contemplated use of the net proceeds from this offering, or (iii) additional expenses we will incur as a public company. As a result, our historical consolidated operating results will not be indicative of what our results of operations will be for future periods See "Prospectus Summary Summary Historical and Unaudited Pro Forma Consolidated Financial and Other Data." The following table summarizes our consolidated results of operations for the periods shown:

	Fiscal Year Ended June 30,					
	2013		2012		2011	
(In Thousands)	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue:						
Net administrative fees	$ 519,219	59.7%	$ 473,249	61.6%	$ 457,951	67.3%
Other services and support	205,685	23.7%	178,552	23.2%	158,179	23.2%
Services	724,904	83.4%	651,801	84.8%	616,130	90.5%
Products	144,386	16.6%	116,484	15.2%	64,628	9.5%
	869,290	100.0%	768,285	100.0%	680,758	100.0%
Cost of revenue:						
Services	103,795	11.9%	83,021	10.8%	60,455	8.9%
Products	133,618	15.4%	106,698	13.9%	59,420	8.7%
	237,413	27.3%	189,719	24.7%	119,875	17.6%
Gross profit	631,877	72.7%	578,566	75.3%	560,883	82.4%
Operating expenses:						
Selling, general and administrative	248,301	28.6%	240,748	31.3%	242,863	35.7%
Research and development	9,370	1.0%	12,583	1.6%	8,685	1.3%
Amortization of purchased intangible assets	1,539	0.2%	3,146	0.5%	3,463	0.5%
Total operating expenses	259,210	29.8%	256,477	33.4%	255,011	37.5%
Operating income	372,667	42.9%	322,089	41.9%	305,872	44.9%
Other income, net	12,145	1.4%	12,808	1.7%	11,092	1.7%
Income before income taxes	384,812	44.3%	334,897	43.6%	316,964	46.6%
Income tax expense	9,726	1.2%	8,229	1.1%	4,704	0.7%
Net income	375,086	43.1%	326,668	42.5%	312,260	45.9%
Add: Net loss attributable to noncontrolling interest in S2S Global	1,479	0.2%	608	0.0%		0.0%
Less: Net income attributable to noncontrolling interest in Premier LP	(369,189)	-42.5%	(323,339)	-42.0%	(309,840)	-45.5%
Net income attributable to noncontrolling interest	(367,710)	-42.3%	(322,731)	-42.0%	(309,840)	-45.5%
Net income attributable to PHSI	$ 7,376	0.8%	$ 3,937	0.5%	$ 2,420	0.4%
Adjusted EBITDA(1)	$ 419,025	48.2%	$ 359,609	46.8%	$ 349,225	51.3%

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(1)

The table that follows shows the reconciliation of net income to Adjusted EBITDA and the reconciliation of Segment Adjusted EBITDA to operating income for the periods presented.

	Fiscal Year Ended June 30,		
(In Thousands)	2013	2012	2011
Net income	$ 375,086	$ 326,668	$ 312,260
Interest and investment income, net[(a)]	(965)	(874)	(1,045)
Income tax expense	9,726	8,229	4,704
Depreciation and amortization	27,681	22,252	19,524
Amortization of purchased intangible assets	1,539	3,146	3,463
EBITDA	413,067	359,421	338,906
Merger and acquisition related expenses[(b)]			1,538
Strategic and financial restructuring expenses[(c)]	5,170		
Office consolidation and new Charlotte headquarters expenses[(d)]			8,001
Loss on disposal of assets[(e)]	788	188	780
Adjusted EBITDA	$ 419,025	$ 359,609	$ 349,225
Segment Adjusted EBITDA:			
Supply Chain Services	$ 431,628	$ 385,331	$ 369,251
Performance Services	56,456	42,153	37,840
Corporate[(f)]	(69,059)	(67,875)	(57,866)
Adjusted EBITDA	419,025	359,609	349,225
Depreciation and amortization	(27,681)	(22,252)	(19,524)
Amortization of purchased intangible assets	(1,539)	(3,146)	(3,463)
Merger and acquisition related expenses[(b)]			(1,538)
Strategic and financial restructuring expenses[(c)]	(5,170)		
Office consolidation and new Charlotte headquarters expenses[(d)]			(8,001)
Equity in net income of unconsolidated affiliates	(11,968)	(12,122)	(10,827)
Operating income	$ 372,667	$ 322,089	$ 305,872

(a)

Represents interest income and realized gains and losses on our marketable securities.

(b)

Represents legal, accounting and other expenses directly related to the acquisition of Commcare on November 1, 2010.

(c)

Represents legal, accounting and other expenses directly related to the Reorganization and this offering.

(d)

Represents expenses incurred to consolidate our San Diego and Philadelphia offices and expenses associated with the relocation to our new Charlotte headquarters.

(e)

Represents loss on disposal of property and equipment.

(f)

Corporate consists of general and administrative corporate expenses that are not specific to either of our segments.

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Comparison of the Fiscal Years Ended June 30, 2013 and 2012

Net Revenue

The following table summarizes our net revenue for the periods indicated both in dollars and percentage of net revenue:

	Fiscal Year Ended June 30,			
	2013		2012	
(In Thousands)	Amount	% of Net Revenue	Amount	% of Net Revenue
Supply Chain Services				
Net administrative fees	$ 519,219	60%	$ 473,249	62%
Other services and support	471	0%	1,296	0%
Services	519,690	60%	474,545	62%
Products	144,386	16%	116,484	15%
Total Supply Chain Services	664,076	76%	591,029	77%
Performance Services				
Other services and support	205,214	24%	177,256	23%
Total net revenue	$ 869,290	100%	$ 768,285	100%

Total net revenue for fiscal year 2013 was $869.3 million, an increase of $101.0 million, or 13%, from $768.3 million for fiscal year 2012.

Supply Chain Services

Our supply chain services segment net revenue for fiscal year 2013 was $664.1 million, an increase of $73.1 million, or 12%, from $591.0 million for fiscal year 2012.

Net administrative fees revenue in our supply chain services segment for fiscal year 2013 was $519.2 million, an increase of $46.0 million, or 10%, from $473.2 million for fiscal year 2012. Gross administrative fees increased $23.5 million, reflecting an increase in gross administrative fees of $5.9 million from new member owners and $17.6 million from increased purchasing by existing member owners. Revenue share decreased $22.5 million primarily as a result of the conversion of certain members with contractual fee share agreements to member owners during fiscal year 2013. We expect net administrative fees revenue in our supply chain services segment to grow as we add new members and our existing members increase their volume of purchases under our GPO supplier contracts.

Product revenue in our supply chain services segment for fiscal year 2013 was $144.4 million, an increase of $27.9 million, or 24%, from $116.5 million for fiscal year 2012. Product revenue in our supply chain services segment increased during fiscal year 2013 primarily due to an increase in specialty pharmacy revenue of $16.6 million and direct sourcing revenue of $11.3 million. The increase in specialty pharmacy revenue is the result of the expansion of specialty pharmacy product sales to patients of our member owners of approximately $11.3 million and growth of product sales to non-member owner patients of approximately $5.3 million. We expect our specialty pharmacy revenue to continue to grow as we further expand our product sales to existing member owners and additional member owners begin to utilize our specialty pharmacy. The increase in direct sourcing revenue is a result of the 60% ownership interest in S2S Global acquired in December 2011, with 12 months of revenue included in fiscal year 2013, compared to seven months in fiscal year 2012. We expect direct sourcing revenue to increase as additional members begin to purchase our products through our direct sourcing program.

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Performance Services

Other services and support revenue in our performance services segment for fiscal year 2013 was $205.2 million, an increase of $27.9 million, or 16%, from $177.3 million for fiscal year 2012. The increase was primarily attributable to $11.9 million from the renewal of existing SaaS informatics products subscriptions at generally higher subscription prices, $4.1 million from new SaaS informatics products subscriptions and $6.7 million from a significant two-year performance improvement collaborative contract that commenced in January 2012, resulting in 12 months of revenue for fiscal year 2013, compared to six months of revenue for fiscal year 2012, as well as increased revenue from advisory and research services.

Cost of Revenue

The following table summarizes our cost of revenue for the periods indicated both in dollars and percentage of net revenue:

	Fiscal Year Ended June 30,			
	2013		2012	
(In Thousands)	Amount	% of Net Revenue	Amount	% of Net Revenue
Cost of revenue:				
Services	$ 103,795	12%	$ 83,021	11%
Products	133,618	15%	106,698	14%
Total cost of revenue	$ 237,413	27%	$ 189,719	25%
Cost of revenue by segment:				
Supply Chain Services	$ 138,781	16%	$ 108,122	14%
Performance Services	98,632	11%	81,597	11%
Total cost of revenue	$ 237,413	27%	$ 189,719	25%

Cost of revenue for fiscal year 2013 was $237.4 million, an increase of $47.7 million, or 25%, from $189.7 million for fiscal year 2012. Cost of service revenue increased by $20.8 million primarily due to labor associated with advisory services engagements, including a significant two-year performance improvement collaborative contract that commenced in January 2012, resulting in 12 months of cost of service revenue in fiscal year 2013, compared to six months of cost of service revenue in fiscal year 2012, as well as an increase in amortization of internally-developed software applications. We expect cost of service revenue to increase as we expand our performance improvement collaboratives and advisory services to members and continue to develop new and existing internally developed software applications. Cost of product revenue increased by $26.9 million, which was primarily attributable to the increase in specialty pharmacy revenue as well as an increase in direct sourcing revenue as a result of our 60% ownership interest in S2S Global acquired in December 2011. We expect our cost of product revenue to increase as we sell additional specialty pharmaceuticals and directly sourced medical products to new and existing members.

Cost of revenue for the supply chain services segment for fiscal year 2013 was $138.8 million, an increase of $30.7 million, or 28%, from $108.1 million for fiscal year 2012. The increase is primarily attributable to the growth in specialty pharmacy and direct sourcing, which have higher associated cost of revenue as compared to group purchasing. As a result, there is a higher increase in cost of revenue relative to net revenue because revenue from group purchasing administrative fees represents the majority of supply chain services net revenue and is growing at a lower rate than product revenue from specialty pharmacy and direct sourcing.

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Cost of revenue for the performance services segment for fiscal year 2013 was $98.6 million, an increase of $17.0 million, or 21%, from $81.6 million for fiscal year 2012. The increase is primarily attributable to labor associated with advisory services engagements and the increase in amortization of internally-developed software applications.

Gross Profit

Gross profit for fiscal year 2013 was $631.9 million, an increase of $53.3 million, or 9%, from $578.6 million for fiscal year 2012, primarily due to the increase in net revenue described above, which was offset by higher cost of revenue compared to the prior year. The gross profit percentage of 72.7% of net revenue for fiscal year 2013 decreased from 75.3% for fiscal year 2012, primarily as a result of the expansion of our specialty pharmacy and direct sourcing activities which operate at a lower gross profit percentage than our other businesses. We expect our gross profit to increase as we grow our revenues, but our gross profit percentage will continue to decline as we further expand our specialty pharmacy and direct sourcing activities.

Operating Expenses

The following table summarizes our operating expenses for the periods indicated both in dollars and percentage of net revenue:

	Fiscal Year Ended June 30,			
	2013		2012	
(In Thousands)	Amount	% of Net Revenue	Amount	% of Net Revenue
	(Unaudited)			
Operating expenses:				
Selling, general and administrative	$ 248,301	29%	$ 240,748	31%
Research and development	9,370	1%	12,583	2%
Amortization of purchased intangible assets	1,539	0%	3,146	0%
Total operating expenses	$ 259,210	30%	$ 256,477	33%
Operating expenses by segment:				
Supply Chain Services	$ 106,889	12%	$ 110,911	14%
Performance Services	74,133	9%	73,547	10%
Total segment operating expenses	181,022	21%	184,458	24%
Corporate	78,188	9%	72,019	9%
Total operating expenses	$ 259,210	30%	$ 256,477	33%

Selling, General and Administrative

Selling, general and administrative expenses for fiscal year 2013 were $248.3 million, an increase of $7.6 million, or 3%, from $240.7 million for fiscal year 2012. The increase was primarily attributable to legal, accounting and other expenses directly related to the Reorganization and this offering of $5.2 million in 2013, as well as increased headcount, employee-related expenses and travel-related expenses. We expect our selling, general and administrative expenses will continue to increase as we grow our business and incur additional expenses related to being a public company, including share-based compensation expense related to the equity incentive plan established in connection with the Reorganization and this offering.

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Research and Development

Research and development expenses for fiscal year 2013 were $9.4 million, a decrease of $3.2 million, or 25%, from $12.6 million for fiscal year 2012. This decrease was primarily as a result of higher outside contractor expenses in the prior fiscal year related to the development and testing activities associated with PremierConnect, our underlying payor/provider joint data model, which launched in June 2012.

Amortization of Purchased Intangible Assets

Amortization of purchased intangible assets for fiscal year 2013 was $1.5 million, a decrease of $1.6 million, or 52%, from $3.1 million for fiscal year 2012. This decrease is attributable to certain intangible assets that were fully amortized during fiscal year 2012, associated with CareScience, Inc., or CareScience, an acquisition that occurred in 2007.

Other Non-operating Income and Expense

Other Income, Net

Other income, net, for fiscal year 2013 was $12.1 million, a decrease of $0.7 million, or 5%, from $12.8 million for fiscal year 2012. This decrease is primarily attributable to an increase in the loss on disposal of assets.

Income Tax Expense

Income tax expense for fiscal year 2013 was $9.7 million, an increase of $1.5 million, or 18%, from $8.2 million for fiscal year 2012 which is primarily attributable to additional taxable income. Our effective tax rate was 2.5% for fiscal year 2013 and 2012. The low effective tax rate for both periods is attributable to the flow through of partnership income which is not subject to federal income taxes.

Net Income Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest for fiscal year 2013 was $367.7 million, an increase of $45.0 million, or 14%, from $322.7 million for fiscal year 2012. This increase was primarily attributable to higher income of Premier LP, of which 99% was allocated to the limited partners of Premier LP.

Adjusted EBITDA

	Fiscal Year Ended June 30,	
(In Thousands)	**2013 Amount**	**2012 Amount**
Adjusted EBITDA by segment:		
Supply Chain Services	$ 431,628	$ 385,331
Performance Services	56,456	42,153
Total Segment Adjusted EBITDA	488,084	427,484
Corporate	(69,059)	(67,875)
Total Adjusted EBITDA	$ 419,025	$ 359,609

Adjusted EBITDA for fiscal year 2013 was $419.0 million, an increase of $59.4 million, or 17%, from $359.6 million for fiscal year 2012.

Segment Adjusted EBITDA for the supply chain services segment of $431.6 million for fiscal year 2013 reflects an increase of $46.3 million, or 12%, compared to $385.3 million for fiscal year 2012, primarily as a result of growth in net administrative fees revenue.

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Segment Adjusted EBITDA for the performance services segment of $56.5 million for fiscal year 2013 reflects an increase of $14.3 million, or 34%, compared to $42.2 million for fiscal year 2012, primarily as a result of revenue growth from the sale of new, and renewal of existing, SaaS informatics products, a significant two-year performance improvement collaborative contract and other advisory services engagements.

Comparison of the fiscal years ended June 30, 2012 and 2011

Net Revenue

The following table summarizes our net revenue for the periods indicated both in dollars and percentage of net revenue:

	Fiscal Year Ended June 30,			
	2012		2011	
(In Thousands)	Amount	% of Net Revenue	Amount	% of Net Revenue
Supply Chain Services				
Net administrative fees	$ 473,249	62%	$ 457,951	67%
Other services and support	1,296	0%	1,097	0%
Services	474,545	62%	459,048	67%
Products	116,484	15%	64,628	10%
Total Supply Chain Services	591,029	77%	523,676	77%
Performance Services				
Services	177,256	23%	157,082	23%
Total net revenue	$ 768,285	100%	$ 680,758	100%

Total net revenue for fiscal year 2012 was $768.3 million, an increase of $87.5 million, or 13%, from $680.8 million for fiscal year 2011.

Supply Chain Services

Our supply chain services segment net revenue for fiscal year 2012 was $591.0 million, an increase of $67.3 million, or 13%, from $523.7 million for fiscal year 2011.

Net administrative fees revenue in our supply chain services segment for fiscal year 2012 was $473.2 million, an increase of $15.2 million, or 3%, from $458.0 million for fiscal year 2011. Gross administrative fees increased $30.3 million reflecting an increase in gross administrative fees from non-owner members of $22.5 million and gross administrative fees from member owners of $7.8 million. Revenue share increased $15.0 million. The increase in gross administrative fees and revenue share was primarily a result of the addition of new non-owner members with contractual fee share agreements and increased purchasing by existing members through their GPO supplier contracts.

Product revenue in our supply chain services segment for fiscal year 2012 was $116.5 million, an increase of $51.9 million, or 80%, from $64.6 million for fiscal year 2011. Product revenue in our supply chain services segment increased during fiscal year 2012 primarily due to the acquisition of Commcare, our specialty pharmacy, on November 1, 2010. Revenue for fiscal year 2012 includes 12 months of specialty pharmacy revenue compared to eight months of specialty pharmacy revenue for fiscal year 2011.

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Performance Services

Other services and revenue in our performance services segment for fiscal year 2012 was $177.3 million, an increase of $20.2 million, or 13%, from $157.1 million for fiscal year 2011. The increase was primarily attributable to $9.9 million from the addition of new SaaS informatics products subscriptions and the renewal of existing SaaS informatics products subscriptions at generally higher subscription prices and an increase of $10.3 million from performance improvement collaboratives and advisory services.

Cost of Revenue

The following table summarizes our cost of revenue for the periods indicated both in dollars and percentage of net revenue:

	Fiscal Year Ended June 30,			
	2012		2011	
(In Thousands)	**Amount**	**% of Net Revenue**	**Amount**	**% of Net Revenue**
Cost of revenue:				
Services	$ 83,021	11%	$ 60,455	9%
Products	106,698	14%	59,420	9%
Total cost of revenue	$ 189,719	25%	$ 119,875	18%
Cost of revenue by segment:				
Supply Chain Services	$ 108,122	14%	$ 59,642	9%
Performance Services	81,597	11%	60,233	9%
Total cost of revenue	$ 189,719	25%	$ 119,875	18%

Cost of revenue for fiscal year 2012 was $189.7 million, an increase of $69.8 million, or 58%, from $119.9 million for fiscal year 2011. Cost of service revenue increased by $22.5 million primarily due to increased labor expense associated with advisory services engagements, including a significant two-year performance improvement collaborative contract that commenced in January 2012, as well as an increase in amortization of internally-developed software applications. Cost of product revenue increased by $47.3 million, which was primarily attributable to the acquisition of Commcare, our specialty pharmacy, on November 1, 2010. Cost of revenue for fiscal year 2012 includes 12 months of specialty pharmacy cost of revenue compared to eight months of specialty pharmacy cost of revenue for fiscal year 2011.

Cost of revenue for the supply chain services segment for fiscal year 2012 was $108.1 million, an increase of $48.5 million, or 81%, from $59.6 million for fiscal year 2011. The increase is primarily attributable to the growth in product revenue.

Cost of revenue for the performance services segment for fiscal year 2012 was $81.6 million, an increase of $21.4 million, or 35%, from $60.2 million for fiscal year 2011. The increase is primarily attributable to labor associated with advisory services engagements and the increase in amortization of internally-developed software applications.

Gross Profit

Gross profit for fiscal year 2012 was $578.6 million, an increase of $17.7 million, or 3%, from $560.9 million for the same period in fiscal year 2011, primarily due to the increase in net revenue described above, which was partially offset by higher cost of revenue compared to the prior year. The

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gross profit percentage of 75.3% of net revenue for fiscal year 2012 decreased from 82.4% in fiscal year 2011, due to the expansion of our specialty pharmacy and direct sourcing activities which operate at a lower gross profit percentage than our other businesses.

Operating expenses

The following table summarizes our operating expenses for the periods indicated both in dollars and percentage of net revenue:

	Fiscal Year Ended June 30,			
	2012		2011	
(In Thousands)	Amount	% of Net Revenue	Amount	% of Net Revenue
Operating expenses:				
Selling, general and administrative	$ 240,748	31%	$ 242,863	36%
Research and development	12,583	2%	8,685	1%
Amortization of purchased intangible assets	3,146	0%	3,463	1%
Total operating expenses	$ 256,477	33%	$ 255,011	38%
Operating expenses by segment:				
Supply Chain Services	$ 110,911	14%	$ 108,223	16%
Performance Services	73,547	10%	75,916	11%
Total segment operating expenses	184,458	24%	184,139	27%
Corporate	72,019	9%	70,872	11%
Total operating expenses	$ 256,477	33%	$ 255,011	38%

Selling, General and Administrative

Selling, general and administrative expenses for fiscal year 2012 were $240.8 million, a decrease of $2.1 million, or 1%, from $242.9 million for fiscal year 2011. The decrease was attributable to $8.0 million incurred in the prior year relating to the consolidation of our San Diego and Philadelphia offices and the relocation to our new headquarters in Charlotte. Excluding the impact of these expenses, selling, general and administrative expenses increased $5.9 million due to increased headcount, employee-related expenses and travel-related expenses.

Research and Development

Research and development expenses for fiscal year 2012 were $12.6 million, an increase of $3.9 million, or 45%, from $8.7 million for fiscal year 2011. This increase was primarily as a result of higher outside contractor expenses related to developmental activities associated with internally developed software projects including PremierConnect as well as and enhancements to our existing SaaS informatics products.

Amortization of Purchased Intangible Assets

Amortization of purchased intangible assets for fiscal year 2012 was $3.2 million, a decrease of $0.3 million, or 9%, from $3.5 million for fiscal year 2011. This decrease is attributable to certain intangible assets associated with CareScience, an acquisition that occurred in 2007, that were fully amortized as of March 2012.

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Other Non-Operating Income and Expense

Other Income, Net

Other income, net, for fiscal year 2012 was $12.8 million, an increase of $1.7 million, or 15%, from $11.1 million for fiscal year 2011. This increase is attributable to an increase in equity in net income of unconsolidated affiliates that is generated from our 50% ownership interest in Innovatix.

Income Tax Expense

Income tax expense for fiscal year 2012 was $8.2 million, an increase of $3.5 million, or 75%, from $4.7 million for fiscal year 2011. Our effective tax rate for fiscal year 2012 was 2.5% compared to 1.5% for fiscal year 2011. The higher effective tax rate for fiscal year 2012 is primarily attributable to the expiration of the federal research and development tax credit at December 31, 2011, resulting in a credit of $0.3 million to PHSI in fiscal year 2012 compared to $1.3 million in fiscal year 2011. The low effective tax rate for both fiscal years is attributable to the flow through of partnership income which is not subject to federal income taxes.

Net Income Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest for fiscal year 2012 was $322.7 million, an increase of $12.9 million, or 4%, from $309.8 million for fiscal year 2011. This increase was primarily due to the higher income of Premier LP, of which 99% was allocated to the limited partners of Premier LP.

Adjusted EBITDA

	Fiscal Year Ended June 30,	
(In Thousands)	**2012 Amount**	**2011 Amount**
Adjusted EBITDA by segment:		
Supply Chain Services	$ 385,331	$ 369,251
Performance Services	42,153	37,840
Total Segment Adjusted EBITDA	427,484	407,091
Corporate	(67,875)	(57,866)
Total Adjusted EBITDA	$ 359,609	$ 349,225

Adjusted EBITDA for fiscal year 2012 was $359.6 million, an increase of $10.4 million, or 3%, from $349.2 million for fiscal year 2011.

Segment Adjusted EBITDA for the supply chain services segment of $385.3 million for fiscal year 2012 reflects an increase of $16.1 million, or 4%, compared to $369.3 million for fiscal year 2011, primarily as a result of growth in net administrative fees revenue and equity in net income of unconsolidated affiliates from our 50% ownership interest in Innovatix.

Segment Adjusted EBITDA for the performance services segment of $42.2 million for fiscal year 2012 reflects an increase of $4.4 million, or 12%, compared to $37.8 million for fiscal year 2011, primarily as a result of revenue growth from the sale of new, and renewal of existing, SaaS informatics products and growth in performance improvement collaboratives and advisory services engagements.

Liquidity and Capital Resources

Our principal source of cash has primarily been cash provided by operating activities. Our primary cash requirements involve ordinary expenses, working capital fluctuations, capital expenditures and acquisitions. Our capital expenditures typically consist of internally-developed software costs, software purchases and computer hardware purchases. Historically, the vast majority of our excess cash has been distributed to our member owners.

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As of June 30, 2013 and June 30, 2012, we had cash and cash equivalents totaling $198.3 million and $140.8 million, respectively, and marketable securities with maturities ranging from three to twelve months totaling $57.3 million and $100.8 million, respectively. For fiscal years 2013 and 2012, we financed our operations primarily through internally generated cash flows.

Cash and cash equivalents include cash on hand and highly liquid instruments with remaining maturities of 90 days or less at the time of acquisition. Cash equivalents and marketable securities are comprised of institutional money market funds with major commercial banks under which cash is primarily invested in U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. government or its agencies, corporate debt securities and repurchase agreements secured by such obligations. We do not invest in high yield or high risk securities. Cash in bank accounts at times may exceed federally insured limits.

On December 16, 2011, we entered into a senior secured revolving credit facility of $100.0 million with an accordion feature granting us the ability to increase the size of the facility by an additional $100.0 million on terms and conditions mutually acceptable to the parties. As of June 30, 2013, there was no balance outstanding on our senior secured revolving credit facility. On July 18, 2013 we made a drawing of $30.0 million on this senior secured revolving credit facility to fund the acquisition of SYMMEDRx, LLC, or SYMMEDRx, and we made a drawing of $30.0 million on September 11, 2013 to fund operations.

After giving effect to the Reorganization, we will retain a significantly greater portion of the annual earnings of Premier LP which will provide additional liquidity to fund operations and future growth, including through acquisitions. See "Business Overview Effects of the Reorganization" for more information. Upon the completion of this offering, we expect these retained earnings and the proceeds from this offering to provide us with liquidity to fund our working capital requirements, revenue share obligations, federal and income tax payments, capital expenditures and growth for the foreseeable future. Our capital requirements depend on numerous factors, including funding requirements for our product and service development and commercialization efforts, our information technology requirements and the amount of cash generated by our operations. We currently believe that we have adequate capital resources at our disposal to fund currently anticipated capital expenditures, business growth and expansion, and current and projected debt service requirements, however, strategic growth initiatives may require the use of the portion of the proceeds from this offering received by Premier LP, as well as the proceeds from the issuance of additional equity.

Discussion of Cash Flow

A summary of net cash flows follows:

(In Thousands)	**Fiscal Year Ended June 30, 2013**	**2012**	**2011**
Net cash provided by (used in):			
Operating activities	$ 375,180	$ 314,652	$ 354,976
Investing activities	14,830	(126,197)	(27,574)
Financing activities	(332,536)	(294,242)	(292,732)

Discussion of cash flows for fiscal years 2013 and 2012

Net cash provided by operating activities was $375.2 million for fiscal year 2013, an increase of $60.5 million compared to $314.7 million for fiscal year 2012. Operating cash flows increased primarily due to the increase in net income and working capital changes.

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Net cash provided by investing activities was $14.8 million for fiscal year 2013 and net cash used in investing activities was $126.2 million for fiscal year 2012. Our investing activities for fiscal year 2013 primarily consisted of the sale of marketable securities which resulted in proceeds of $115.1 million and distributions received from our 50% ownership interest in Innovatix of $12.5 million, partly offset by the purchase of marketable securities of $69.3 million and capital expenditures of $42.4 million. Our investing activities for fiscal year 2012 primarily consisted of purchases of marketable securities of $121.1 million and capital expenditures of $38.0 million. These payments were partly offset by distributions received from our 50% ownership interest in Innovatix of $12.0 million and proceeds from the sale of marketable securities of $21.7 million.

Net cash used in financing activities was $332.5 million and $294.2 million for fiscal year 2013 and 2012, respectively. Our financing activities for fiscal year 2013 primarily included net cash distribution payments to Premier LP limited partners of $183.2 million in September 2012 and $131.7 million in February 2013, cash distribution payments to Premier LP members with contractual fee share agreements who converted to member owners during fiscal year 2013 of $14.1 million, and payments to departed member owners of $17.8 million, partly offset by proceeds from the issuance of redeemable limited partnership interests of $8.1 million and proceeds of $5.6 million from withdrawal on our revolving lines of credit. Our financing activities for fiscal year 2012 primarily included net cash distribution payments to Premier LP limited partners of $170.2 million in September 2011 and $120.8 million in February 2012.

Discussion of cash flows for fiscal years 2012 and 2011

Net cash provided by operating activities was $314.7 million for fiscal year 2012, a decrease of $40.3 million compared to $355.0 million for fiscal year 2011. The decrease in operating cash flows was a result of negative changes in working capital, primarily in accounts receivable, accounts payable and accrued expenses offset by higher net income.

Net cash used in investing activities was $126.2 million for fiscal year 2012 and $27.6 million for fiscal year 2011. Our investing activities in fiscal year 2012 primarily consisted of purchases of marketable securities of $121.1 million and capital expenditures of $38.0 million. These payments were partly offset by proceeds from the sale of marketable securities of $21.7 million and distributions received from our 50% ownership interest in Innovatix of $12.0 million. The significant increase in the purchase of marketable securities for fiscal year 2012 results from a change in our investment policy to allow for short-term investments of up to 180 days in duration, as opposed to the historical policy limit of 90 days or less. Our investing activities for fiscal year 2011 primarily consisted of proceeds from the sale of marketable securities of $39.3 million and distributions received from our 50% ownership interest in Innovatix of $12.4 million. These proceeds were primarily offset by the acquisition of Commcare for $35.9 million, capital expenditures of $38.4 million and the purchase of $5.0 million in marketable securities.

Net cash used in financing activities was $294.2 million for fiscal year 2012 and $292.7 million for fiscal year 2011. Our financing activities for fiscal year 2012 primarily included net cash distribution payments to Premier LP limited partners of $170.2 million in September 2011 and $120.8 million in February 2012. Our financing activities for fiscal year 2011 primarily included net cash distribution payments to Premier LP limited partners of $162.7 million in September 2010 and $117.9 million in February 2011, and payments of $12.8 million on outstanding notes payable to departed member owners.

Contractual Obligations

At June 30, 2013, we had material commitments for obligations under notes payable, a portion of which represented obligations to departed member owners, and our non-cancelable office space lease

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agreements. Future payments for these operating lease obligations due under long-term contractual obligations and notes payable as of June 30, 2013 are as follows:

Description of Contractual Obligations (In Thousands)	Total	Less than 1 year	Payments Due by Period 1-3 years	3-5 years	Greater than 5 years
Notes payable[1]	$ 34,617	$ 12,149	$ 9,395	$ 13,073	$
Operating lease obligations[2]	$ 106,561	$ 7,477	$ 15,222	$ 15,180	$ 68,682
Total	$ 141,178	$ 19,626	$ 24,617	$ 28,253	$ 68,682

(1) Notes payable primarily represent an aggregate principal amount of $23.4 million owed to departed member owners, payable over five years, $7.7 million outstanding on a revolving line of credit held by S2S Global and payables of $3.2 million under a financing agreement related to certain software licenses with the final installment of $3.2 million due on July 1, 2014.

(2) Future contractual obligations for leases represent future minimum payments under non-cancellable operating leases primarily for office space.

On December 16, 2011, we entered into a $100.0 million senior secured revolving credit facility with Wells Fargo Bank, National Association, which includes an accordion feature granting us the ability to increase the size of the facility by an additional $100.0 million on terms and conditions mutually acceptable to the parties. Borrowings under our senior secured revolving credit facility bear interest at the London Interbank Offered Rate, or LIBOR, plus a margin ranging from 0.25% to 1.25% per annum, depending on the nature of the loan. At June 30, 2013, there was no balance outstanding on our senior secured revolving credit facility. On July 18, 2013 we made a drawing of $30.0 million on this senior secured revolving credit facility to fund the acquisition of SYMMEDRx and we made a drawing of $30.0 million on September 11, 2013 to fund operations. Our senior secured revolving credit facility, as amended on August 17, 2012 and September 11, 2013, which expires on December 16, 2014, includes restrictive covenants requiring the maintenance of certain financial and nonfinancial indicators, including a ratio of tangible liabilities to tangible net worth of 1.00 to 1.00, a minimum EBITDA coverage ratio of 3.00 to 1.00 and a maximum total leverage ratio of 1.50 to 1.00. The senior secured revolving credit facility also includes customary negative covenants, including restrictions on other indebtedness, liens, conduct of business, consolidations, mergers or dissolutions, asset dispositions, investments, restricted payments, prepayment of indebtedness, transactions with insiders, restricted actions, ownership of subsidiaries, sale-leaseback transactions and negative pledges. We were in compliance with such negative covenants at June 30, 2013. Commitment fees on our senior secured revolving credit facility's unused commitments are 0.22% per annum. Our senior secured revolving credit facility is guaranteed by substantially all of our subsidiaries and secured by substantially all of the assets of such subsidiaries.

On August 17, 2012, S2S Global obtained a revolving line of credit with a one-year term for up to $10.0 million with an interest rate at the prime rate plus 0.25% or LIBOR plus 1.25%, as elected by S2S Global, which replaced its revolving line of credit from the prior year. This revolving line of credit is guaranteed by Premier LP and PSCI and is secured by substantially all of the assets of S2S Global. At June 30, 2013, S2S Global had $7.7 million outstanding on the revolving line of credit reflected in notes payable in the table above. On August 2, 2013, S2S Global renewed and amended its revolving line of credit to include a $15.0 million credit limit and a $5.0 million accordion feature. The amended revolving line of credit has a maturity date of December 16, 2014.

Pursuant to the terms of PHSI's stockholders' agreement in effect prior to this offering, PHSI has been granted a right of refusal with regard to all proposed transfers of PHSI common stock. The stockholders' agreement also grants PHSI the right, but not the obligation, to purchase a stockholder's shares of PHSI common stock for a period of 90 days after the occurrence of any of the following

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events: (i) a material breach of PHSI's stockholders' agreement by such stockholder, (ii) a change in control with respect to such stockholder, or (iii) such stockholder's expression of its desire to withdraw from PHSI. In the event the directors of PHSI vote to expel a stockholder pursuant to the terms of the stockholders' agreement, PHSI will be required to purchase such stockholders' shares of PHSI. The occurrence of any one of these events could give rise to a contractual obligation that would be recorded as a liability based on the value of the shares on that date.

Pursuant to the terms of the existing limited partnership agreement, Premier LP is required to repurchase a limited partner's interest in Premier LP upon the withdrawal of such limited partner from Premier LP or such limited partner's failure to comply with applicable purchase commitments under the existing limited partnership agreement of Premier LP. As a result, the redeemable limited partners' capital of $307.6 million as of June 30, 2013 is classified as temporary equity in the mezzanine section of the consolidated balance sheet since (i) the withdrawal of the limited partnership interest is at the option of each limited partner; and (ii) the conditions of the repurchase are not solely within our control. However, pursuant to the LP Agreement entered into in connection with the Reorganization and this offering, which will become effective upon the completion of the Reorganization and this offering, in the event that a limited partner of Premier LP holding Class B common units not yet eligible to be exchanged for shares of our Class A common stock pursuant to the terms of the exchange agreement (i) ceases to participate in our GPO programs; (ii) ceases to be a limited partner of Premier LP (except as a result of a permitted transfer of its Class B common units); (iii) ceases to be a party to a GPO participation agreement (subject to certain limited exceptions); or (iv) becomes a related entity of, or affiliated with, a competing business of Premier LP, in each case, Premier LP will have the option to redeem all of such limited partner's Class B common units not yet eligible to be exchanged at a purchase price set forth in the LP Agreement. In addition, the limited partner will be required to exchange all Class B common units eligible to be exchanged on the next exchange date following the date of the applicable termination event described above. For additional information regarding the LP Agreement, see "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Amended and Restated Limited Partnership Agreement of Premier LP."

In connection with the Reorganization and this offering, we have entered into a tax receivable agreement with the member owners, which will become effective upon the completion of the Reorganization and this offering, pursuant to which we agree to pay to the member owners, generally over a 15-year period (under current law), 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income and franchise tax that we actually realize (or are deemed to realize, in the case of payments required to be made upon certain occurrences under such tax receivable agreement) as a result of the increases in tax basis resulting from the initial sale of Class B common units by the member owners in connection with the Reorganization, as well as subsequent exchanges by such member owners pursuant to the exchange agreement, and of certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. See "Certain Relationships and Related Party Transactions Transactions with Member Owners in Connection with this Offering Tax Receivable Agreement."

Off-Balance Sheet Arrangements

Through June 30, 2013, we had not entered into any off-balance sheet arrangements.

JOBS Act

The JOBS Act permits "emerging growth companies" like us to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies.

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Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as it is an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of these benefits until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

Following this offering, we will continue to be an emerging growth company until the earliest to occur of (i) the last day of the fiscal year during which we had total annual gross revenues of at least $1 billion (as indexed for inflation), (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of Class A common stock under this registration statement, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed to be a "large accelerated filer," as defined under the Exchange Act. Accordingly, we could remain an "emerging growth company" until as late as June 30, 2019.

Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk relates primarily to the increase or decrease in the amount of interest income we can earn on our investment portfolio and on the increase or decrease in the amount of any interest expense we must pay with respect to outstanding debt instruments. We invest our excess cash in a portfolio of individual cash equivalents and marketable securities. We do not currently hold, and we have never held, any derivative financial instruments. As a result, we do not expect changes in interest rates to have a material impact on our results of operations or financial position. We plan to ensure the safety and preservation of our invested principal funds by limiting default, market and investment risks. We plan to mitigate default risk by investing in low-risk securities. Substantially all of our financial transactions are conducted in U.S. dollars.

Critical Accounting Policies and Estimates

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Estimates are evaluated on an ongoing basis, including those related to reserves for bad debts, useful lives of fixed assets, value of investments not publicly traded, the valuation allowance on deferred tax assets, and the fair value of purchased intangible assets and goodwill. These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe that our most critical accounting policies are the following:

Revenue Recognition

Net Revenue

Net revenue consists of (i) service revenue which includes net administrative fees revenue and other services and support revenue, and (ii) product revenue. Net administrative fees revenue consists of GPO administrative fees in our supply chain services segment. Other services and support revenue consists primarily of fees generated in our performance services segment in connection with our SaaS informatics products subscriptions, advisory services and performance improvement collaborative

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subscriptions. Product revenue consists of specialty pharmacy and direct sourcing product sales, which are included in the supply chain segment. We recognize revenue when (i) there is persuasive evidence of an arrangement, (ii) the fee is fixed or determinable, (iii) services have been rendered and payment has been contractually earned, and (iv) collectability is reasonably assured.

Net Administrative Fees Revenue

Net administrative fees revenue is generated through administrative fees received from suppliers based on the total dollar volume of supplies purchased by our members.

Through our group purchasing program, we aggregate the purchasing power of our members to negotiate pricing discounts and improve contract terms with suppliers. Contracted suppliers pay administrative fees to us which generally represent 1% to 3% of the purchase price of goods and services sold to members under the contracts we have negotiated. Administrative fees are recognized as revenue in the period in which the respective supplier reports customer purchasing data, usually a month or a quarter in arrears of actual customer purchase activity. The supplier report proves that the delivery of product or service has occurred, the administrative fees are fixed and determinable based on reported purchasing volume, and collectability is reasonably assured. Member and supplier contracts substantiate persuasive evidence of an arrangement. We do not take title to the underlying equipment or products purchased by members through our GPO supplier contracts.

We partner with certain members, including regional GPOs, to extend our network base to their members and pay a revenue share equal to a percentage of gross administrative fees that we collect based upon purchasing by such members and their member facilities through our GPO supplier contracts. Revenue share is recognized according to the members' contractual agreements with us as the related administrative fees revenue is recognized. Considering GAAP relating to principal agent considerations under revenue recognition, revenue share is recorded as a reduction to gross administrative fees revenue to arrive at net administrative fees revenue in the accompanying consolidated statements of income.

Other Services and Support Revenue

Other services and support revenue consists of SaaS informatics products subscriptions, performance improvement collaborative and other service subscriptions, professional fees for advisory services, and insurance services management fees and commissions from group-sponsored insurance programs.

SaaS informatics products subscriptions include the right to use our proprietary hosted technology on a SaaS basis, training and member support to deliver improvements in cost management, quality and safety, population health management and provider analytics. Pricing varies by subscription and size of the subscriber. Informatics subscriptions are generally three to five year agreements with automatic renewal clauses and annual price escalators that typically do not allow for early termination. These agreements do not allow for physical possession of the software. Subscription fees are typically billed on a monthly basis and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Implementation involves the completion of data preparation services that are unique to each member's data set and, in certain cases, the installation of member site-specific software, in order to access and transfer member data into our hosted SaaS informatics products. Implementation is generally 120 to 150 days following contract execution before the SaaS informatics products can be fully utilized by the member.

Revenue from performance improvement collaboratives and other service subscriptions that support our offerings in cost management, quality and safety and population health management is recognized over the service period, which is generally one year.

Professional fees for advisory services are sold under contracts, the terms of which vary based on the nature of the engagement. Fees are billed as stipulated in the contract, and revenue is recognized

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on a proportional performance method as services are performed and deliverables are provided. In situations where the contracts have significant contract performance guarantees or member acceptance provisions, revenue recognition occurs when the fees are fixed and determinable and all contingencies, including any refund rights, have been satisfied.

Our other services and support revenue growth will be dependent upon the expansion