UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 000-21244

PAREXEL INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts	**04-2776269**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
195 West Street **Waltham, Massachusetts**	**02451**
(Address of principal executive offices)	**(Zip Code)**

(781) 487-9900

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐ (Do not check if a smaller reporting company)	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of May 3, 2017, there were 50,762,287 shares of common stock outstanding.

PAREXEL INTERNATIONAL CORPORATION

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

PAREXEL INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in millions)

	March 31, 2017	June 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 284.3	$ 248.6
Billed accounts receivable, net	573.1	506.1
Unbilled accounts receivable, net	276.6	327.9
Prepaid expenses	23.0	23.3
Income taxes receivable	10.4	25.2
Other current assets	51.0	50.1
Total current assets	1,218.4	1,181.2
Property and equipment, net	247.4	259.3
Goodwill	472.6	389.2
Other intangible assets, net	206.9	130.7
Non-current deferred tax assets	25.3	27.1
Long-term income taxes receivable	10.2	10.4
Other assets	37.7	38.3
Total assets	$ 2,218.5	$ 2,036.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term debt	$ 22.8	$ 16.6
Accounts payable	61.4	62.6
Deferred revenue	509.1	420.2
Accrued expenses	39.3	35.0
Accrued restructuring charges, current portion	20.2	14.6
Accrued employee benefits and withholdings	138.5	176.4
Income taxes payable	5.3	21.6
Other current liabilities	25.1	22.4
Total current liabilities	821.7	769.4
Long-term debt, net of current portion	677.1	484.8
Non-current deferred tax liabilities	13.8	19.3
Long-term income tax liabilities	32.1	31.5
Long-term deferred revenue	35.9	38.3
Other liabilities	70.2	59.5
Total liabilities	1,650.8	1,402.8
Stockholders' equity:		
Preferred stock	—	—
Common stock	0.5	0.5
Additional paid-in capital	—	31.4
Retained earnings	702.3	737.5
Accumulated other comprehensive loss	(135.1)	(136.0)
Total stockholders' equity	567.7	633.4
Total liabilities and stockholders' equity	$ 2,218.5	$ 2,036.2

The accompanying notes are an integral part of the condensed consolidated financial statements.

PAREXEL INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)
(in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31, 2017	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
Service revenue	$ 529.3	$ 527.1	$ 1,560.4	$ 1,557.7
Reimbursement revenue	75.9	84.3	233.5	243.1
Total revenue	605.2	611.4	1,793.9	1,800.8
Direct costs	349.6	337.8	1,028.2	1,013.5
Reimbursable out-of-pocket expenses	75.9	84.3	233.5	243.1
Selling, general and administrative	100.8	97.1	288.6	289.4
Depreciation	20.1	18.4	58.5	54.3
Amortization	7.3	5.9	20.0	17.3
Restructuring charge (benefit)	21.6	(1.8)	21.9	23.4
Total costs and expenses	575.3	541.7	1,650.7	1,641.0
Income from operations	29.9	69.7	143.2	159.8
Interest expense, net	(3.1)	(2.3)	(8.5)	(6.0)
Miscellaneous (expense) income, net	(2.2)	(0.3)	(20.7)	1.4
Total other expense	(5.3)	(2.6)	(29.2)	(4.6)
Income before income taxes	24.6	67.1	114.0	155.2
Provision for income taxes	6.8	19.2	36.6	43.0
Net income	$ 17.8	$ 47.9	$ 77.4	$ 112.2
Earnings per common share				
Basic	$ 0.35	$ 0.91	$ 1.49	$ 2.09
Diluted	$ 0.35	$ 0.89	$ 1.47	$ 2.06
Weighted average shares outstanding				
Basic	50.5	52.9	51.8	53.7
Diluted	51.2	53.6	52.6	54.5
Comprehensive income				
Net income	$ 17.8	$ 47.9	$ 77.4	$ 112.2
Unrealized gain (loss) on derivative instruments, net of taxes	5.5	1.4	6.6	(0.8)
Foreign currency translation adjustment	16.5	8.4	(5.7)	(18.8)
Total comprehensive income	$ 39.8	$ 57.7	$ 78.3	$ 92.6

The accompanying notes are an integral part of the condensed consolidated financial statements.

PAREXEL INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in millions)

	Nine Months Ended	
	March 31, 2017	March 31, 2016
Cash flow from operating activities:		
Net income	$ 77.4	$ 112.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78.5	71.6
Stock-based compensation	16.3	15.2
Excess tax benefit from stock-based compensation	—	(3.5)
Forward contract loss on accelerated share repurchase	20.7	—
Impairment on internal use software	5.6	—
Deferred income taxes	(3.2)	20.9
Fair value adjustment of contingent consideration	(0.8)	8.2
Other non-cash items	0.1	(0.1)
Changes in operating assets and liabilities, net of effects from acquisitions	66.9	(94.4)
Net cash provided by operating activities	261.5	130.1
Cash flow from investing activities:		
Acquisition of businesses, net of cash acquired	(184.6)	(67.3)
Purchases of property and equipment	(56.7)	(76.8)
Net cash used in investing activities	(241.3)	(144.1)
Cash flow from financing activities:		
Proceeds from issuance of common stock, net	19.0	13.1
Excess tax benefit from stock-based compensation	—	3.5
Contingent consideration payment	—	(9.9)
Payments for accelerated share repurchase	(200.0)	(200.0)
Borrowings under credit agreement/facility	470.0	1,150.0
Repayments under credit agreement/facility and other debt	(271.6)	(936.4)
Payments for debt issuance costs	—	(1.0)
Net cash provided by financing activities	17.4	19.3
Effect of exchange rate changes on cash and cash equivalents	(1.9)	(3.0)
Net increase in cash and cash equivalents	35.7	2.3
Cash and cash equivalents at beginning of period	248.6	207.4
Cash and cash equivalents at end of period	$ 284.3	$ 209.7
Supplemental disclosures of cash flow information		
Non-cash capital expenditures	$ 2.2	$ 3.9
Cash paid during the period for:		
Interest	$ 16.1	$ 9.8
Income taxes, net of refunds	$ 34.3	$ 12.9

The accompanying notes are an integral part of the condensed consolidated financial statements.

PAREXEL INTERNATIONAL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of PAREXEL International Corporation (“PAREXEL,” the “Company,” “we,” “our” or “us”) have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information in the United States and the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (primarily consisting of normal recurring adjustments) considered necessary for a fair presentation of the Company’s financial position as of March 31, 2017 and, results of operations for the three and nine months ended March 31, 2017 and 2016 have been included. Operating results for the three and nine months ended March 31, 2017 are not necessarily indicative of the results that may be expected for other quarters or the entire fiscal year. For further information, refer to the audited consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016 (the “2016 10-K”) filed with the Securities and Exchange Commission on September 9, 2016.

In the three month period ended March 31, 2017 we had no adjustments related to revenue arrangements recognized in prior periods. In the nine month period ended March 31, 2017, we recorded $8.3 million, of adjustments related to revenue arrangements recognized in prior periods. The adjustments were recorded as reductions to service revenues in the consolidated statements of income and comprehensive income for the nine months ended March 31, 2017. We concluded that the effect of these errors was not material to our consolidated financial statements for the current period, or any of the prior periods and, as such, these consolidated financial statements are not materially misstated.

The Company recognized an impairment charge related to an internally-developed software program of approximately $5.6 million in the three month period ended March 31, 2017. The internally-developed software program was discontinued and written down to zero and the impairment charge was recorded in selling, general and administrative expense.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09 (“ASU 2014-09”), *Revenue from Contracts with Customers (Topic 606)*, which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. As originally issued, ASU 2014-09 will be effective prospectively for fiscal years and interim periods within those years beginning after December 15, 2016. On July 9, 2015, the FASB approved the proposal to defer the effective date of this standard by one year. Early adoption is permitted for annual periods beginning after December 16, 2016. The Company will adopt ASU 2014-09 effective July 1, 2018. We are assessing the impact of adopting ASU 2014-09 on our consolidated financial statements.

Subsequent to issuing ASU 2014-09, the FASB issued the following amendments concerning clarification of ASU 2014-09. In March 2016, the FASB issued ASU No. 2016-08 (“ASU 2016-08”), *Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which further clarifies the implementation guidance on principal versus agent considerations. The new guidance requires either a retrospective or a modified retrospective approach to adoption. In April 2016, the FASB issued ASU No. 2016-10, (“ASU 2016-10”) *Revenue from Contracts with Customers (Topic 606), Identifying Performance Obligations and Licensing*, which clarifies the identification of performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. In May 2016, the FASB issued ASU No. 2016-12 (“ASU 2016-12”), *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which provides clarification on assessing the collectability criterion, presentation of sales taxes, measurement date for noncash consideration and completed contracts at transition. We are currently evaluating the impact these ASUs will have on our consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01 (“ASU 2016-01”), *Financial Instruments—Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities.* This ASU is intended to provide users of financial statements with more useful information on the recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. We are assessing the impact of adopting ASU No. 2016-01 on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 (“ASU 2016-02”), *Leases (Topic 842) Section A-Leases: Amendments to the FASB Accounting Standards Codification® Section B-Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification® Section C-Background Information and Basis for Conclusions.* This ASU requires an entity that leases assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases.

ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We are assessing the impact of adopting ASU 2016-02 on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-05 ("ASU 2016-05"), *Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a Consensus of the Emerging Issues Task Force).* This ASU clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. ASU 2016-05 is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. We are assessing the impact of adopting ASU 2016-05 on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01 ("ASU 2017-01"), *Business Combinations (Topic 805): Clarifying the Definition of a Business.* The ASU clarifies that when substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. This introduces an initial required screen that, if met, eliminates the need for further assessment. ASU 2017-01 is effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. We are assessing the impact of adopting ASU 2017-01 on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04 ("ASU 2017-04"), *Intangibles—Goodwill and Other (Topic 350).* The ASU removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted. We do not believe the updated requirements under ASU 2017-04 will materially impact our consolidated financial statements.

Recently Adopted Accounting Standards

In the first quarter of our fiscal year ending June 30, 2017, the Company adopted ASU No. 2014-12 ("ASU 2014-12"), *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period* . ASU 2014-12 requires that a performance target that affects vesting and could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Accounting Standards Codification ("ASC") 718, *Compensation—Stock Compensation*, as it relates to such awards. ASU 2014-12 permits using either of two methods: (i) prospective to all awards granted or modified after the effective date; or (ii) retrospective to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter, with the cumulative effect of applying ASU 2014-12 as an adjustment to the opening retained earnings balance as of the beginning of the earliest annual period presented in the financial statements. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In the first quarter of our fiscal year ending June 30, 2017, the Company adopted ASU No. 2015-16 ("ASU 2015-16"), *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments.* This ASU requires adjustments to provisional amounts that are identified during the measurement period of a business combination to be recognized in the reporting period in which the adjustment amounts are determined. Acquirers are no longer required to revise comparative information for prior periods as if the accounting for the business combination had been completed as of the acquisition date. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In the first quarter of our fiscal year ending June 30, 2017, the Company adopted ASU No. 2015-03 ("ASU 2015-03"), *Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires the presentation of debt issue costs in the consolidated balance sheets as a reduction to the related debt liability rather than as an asset. Amortization of debt issuance costs continues to be classified as interest expense. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In the first quarter of our fiscal year ending June 30, 2017, the Company adopted ASU No. 2016-09 ("ASU 2016-09"), *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. This ASU simplifies the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The following summarizes the effects of the adoption on the Company's unaudited condensed consolidated financial statements:

> *Income taxes* - Upon adoption of this standard, all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) are recognized as income tax expense or benefit in the income statement. The tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur. The Company also recognizes excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. As a result, the Company recognized discrete adjustments to income tax expense for nine months ended March 31, 2016, in the amount of $3.3 million related to excess tax benefits. The Company has applied the modified retrospective adoption approach beginning in Fiscal Year 2017. This cumulative-effect adjustment related to tax assets that had previously arisen from tax deductions for equity compensation expenses that were greater than the compensation recognized for financial

reporting. These assets had been excluded from the deferred tax assets and liabilities totals on the balance sheet as a result of certain realization requirements previously included in ASC 718. Prior periods have not been adjusted.

Forfeitures - Prior to adoption, share-based compensation expense was recognized on a straight line basis, net of estimated forfeitures, such that expense was recognized only for share-based awards that are expected to vest. A forfeiture rate was estimated annually and revised, if necessary, in subsequent periods if actual forfeitures differed from initial estimates. Upon adoption, the Company will no longer apply a forfeiture rate and instead will account for forfeitures as they occur. As we previously estimated forfeitures to determine stock-based compensation expense, this change resulted in a cumulative-effect adjustment as of July 1, 2016 to reduce retained earnings by $0.6 million.

Statements of Cash Flows - The Company historically accounted for excess tax benefits on the Statement of Cash Flows as a financing activity. Upon adoption of this standard, excess tax benefits are classified as an operating activity. The Company has elected to adopt this portion of the standard on a prospective basis beginning in Fiscal Year 2017. Prior periods have not been adjusted.

Earnings Per Share - The Company uses the treasury stock method to compute diluted earnings per share, unless the effect would be anti-dilutive. Under this method, the Company will no longer be required to estimate the tax rate and apply it to the dilutive share calculation for determining the dilutive earnings per share. The Company has applied this methodology beginning in Fiscal Year 2017, and prior periods have not been adjusted.

Upon adoption, no other aspects of ASU 2016-09 had a material effect on the Company's unaudited condensed consolidated financial statements or related footnote disclosures.

NOTE 2. – ACQUISITIONS

The pro forma effects of the acquisition described below are not significant to the Company's reported results for any period presented. Accordingly, no pro forma financial statements have been presented herein.

We accounted for these acquisitions as business combinations in accordance with FASB ASC Topic 805, *"Business Combinations."* We allocate the amount that we pay for each acquisition to the assets we acquire and liabilities we assume based on their fair values at the dates of acquisition, including identifiable intangible assets. We base the fair value of identifiable intangible assets acquired in a business combination on detailed valuations that use information and assumptions determined by management and that consider management's best estimates of inputs and assumptions that a market participant would use. We allocate any excess purchase price over the fair value of the net tangible and identifiable intangible assets acquired to goodwill. The use of alternative valuation assumptions, including estimated revenue projections, growth rates, cash flows, discount rates, and estimated useful lives, could result in different purchase price allocations and amortization expense in current and future periods.

The Medical Affairs Company, LLC

On March 1, 2017, we acquired all of the membership interests of privately owned The Medical Affairs Company, LLC ("TMAC"), a leading provider of outsourced medical affairs services to the pharmaceutical, biotechnology, and medical device industries.

We paid approximately $37.7 million for the membership interests of TMAC, plus the potential for us to pay an additional $11.0 million if specific financial targets for TMAC are achieved. We funded the acquisition through the use of existing cash held within the United States. We included TMAC results of operations in our Clinical Research Services ("CRS") business segment.

The components of the consideration transferred in conjunction with the TMAC acquisition and the preliminary allocation of that consideration is as follows (in millions):

Total consideration transferred:		
Cash paid, net of cash acquired	$	36.3
Fair value of contingent consideration		2.1
Net purchase price	$	38.4
Preliminary allocation of consideration transferred:		
Accounts receivable	$	4.7
Other current assets		0.1
Property and equipment, net		0.3
Definite-lived intangible assets		10.2
Goodwill		25.8
Total assets acquired		41.1
Current liabilities		2.7
Total liabilities assumed		2.7
Net assets acquired:	$	38.4

The amounts above represent our preliminary fair value estimates as of March 31, 2017 and may be subject to subsequent adjustment as we obtain additional information during the measurement period and finalize our fair value estimates.

The goodwill of $25.8 million arising from the TMAC acquisition largely reflects the potential synergies and expansion of our service offerings across products and markets complementary to our existing service offering and markets. All of the goodwill is expected to be deductible for tax purposes.

The following are the preliminary identifiable intangible assets acquired and their respective estimated useful lives, based on preliminary valuations (dollars in millions):

		Amount	Estimated Useful Life (Years)
Customer relationships	$	7.5	10
Trade name		0.7	3
Backlog		2.0	1
Total	$	10.2	

ExecuPharm, Inc.

On October 3, 2016, we acquired all of the capital stock of privately owned ExecuPharm, Inc. ("ExecuPharm"), a leading global functional service provider, based in Pennsylvania. ExecuPharm provides clinical monitoring or study management, along with associated operational activities such as onboarding, training, line management, performance management and policy administration.

We paid approximately $148.9 million for the capital stock of ExecuPharm, plus the potential for us to pay an additional $20 million if specific financial targets for ExecuPharm are achieved, and $5.0 million for management retention bonuses. In addition, we made a 338(h)(10) tax election with respect to the ExecuPharm acquisition. Under the 338(h)(10) election, ExecuPharm was deemed to have sold and repurchased its assets at fair market value. In connection with this election, the Company will provide the seller with a tax gross-up payment, which was paid during the fourth quarter of our Fiscal Year 2017, in the estimated amount of $9.3 million. We funded the acquisition through the use of existing cash held within the United States and $100 million from our credit agreement as defined in Note 9. We included ExecuPharm results of operations in our CRS business segment.

The components of the consideration transferred in conjunction with the ExecuPharm acquisition and the allocation of that consideration is as follows (in millions):

Total consideration transferred:		
Cash paid, net of cash acquired	$	148.5
Fair value of contingent consideration		9.4
Deferred payment		9.3
Net purchase price	$	167.2
Preliminary allocation of consideration transferred:		
Accounts receivable	$	29.2
Other current assets		0.1
Property and equipment, net		0.9
Definite-lived intangible assets		87.1
Goodwill		58.6
Total assets acquired		175.9
Current liabilities		8.7
Total liabilities assumed		8.7
Net assets acquired:	$	167.2

The amounts above represent our preliminary fair value estimates as of March 31, 2017 and may be subject to subsequent adjustment as we obtain additional information during the measurement period and finalize our fair value estimates.

The goodwill of $58.6 million arising from the ExecuPharm acquisition largely reflects the potential synergies and expansion of our service offerings across products and markets complementary to our existing service offering and markets. All of the goodwill is expected to be deductible for tax purposes.

The following are the identifiable intangible assets acquired and their respective estimated useful lives, based on valuations (dollars in millions):

		Amount	Estimated Useful Life (Years)
Customer relationships	$	85.5	15
Trade name		1.6	2
Total	$	87.1	

Health Advances Acquisition

On January 19, 2016, we entered into a definitive agreement to acquire all of the outstanding equity securities of Health Advances, LLC ("Health Advances"), an independent life sciences strategy consulting firm. Health Advances combines clinical, scientific, and business expertise to provide strategic advice to executives leading life sciences companies and investors. The acquisition closed on February 10, 2016 and is part of the PAREXEL Consulting Services ("PC") segment.

The net purchase price for the acquisition was approximately $67.1 million, plus the potential to pay up to an additional $15.8 million over a thirty-six month period following the acquisition date if Health Advances achieves certain financial targets. We funded the acquisition with credit facilities.

The components of the consideration transferred in conjunction with the Health Advances acquisition and the preliminary allocation of that consideration is as follows (in millions):

Total consideration transferred:		
Cash paid, net of cash acquired	$	67.1
Fair value of contingent consideration		4.5
Net purchase price	$	71.6
Preliminary allocation of consideration transferred:		
Accounts receivable	$	4.0
Other current assets		0.7
Property and equipment, net		1.0
Deferred tax assets		0.2
Definite-lived intangible assets		15.0
Goodwill		52.5
Total assets acquired		73.4
Current liabilities		1.8
Total liabilities assumed		1.8
Net assets acquired:	$	71.6

During the nine months ended March 31, 2017, we received a working capital adjustment payment from the sellers of $0.2 million.

The goodwill of $52.5 million arising from the Health Advances acquisition largely reflects the potential synergies and expansion of our service offerings across products and markets complementary to our existing service offering and markets. All of the goodwill is expected to be deductible for tax purposes.

The following are the preliminary identifiable intangible assets acquired and their respective estimated useful lives, as determined based on preliminary valuations (dollars in millions):

		Amount	Estimated Useful Life (Years)
Customer relationships	$	11.6	10
Technology		1.8	3
Trade name		1.6	5
Total	$	15.0	

NOTE 3. – EQUITY AND EARNINGS PER SHARE

We have authorized 5.0 million shares of preferred stock at $0.01 par value. As of March 31, 2017 and June 30, 2016, we had no shares of preferred stock issued and outstanding.

We have authorized 150.0 million shares of common stock at $0.01 par value. As of March 31, 2017 and June 30, 2016, respectively, we had 50.7 million and 52.9 million shares of common stock issued and outstanding.

We compute basic earnings per share by dividing net income for the period by the weighted average number of common shares outstanding during the period. We compute diluted earnings per share by dividing net income by the weighted average number of common shares plus the dilutive effect of outstanding stock options and restricted stock awards and units. The following table outlines the basic and diluted earnings per share computations:

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net income attributable to common stock	$ 17.8	$ 47.9	$ 77.4	$ 112.2
Weighted average number of shares outstanding, used in computing basic earnings per share	50.5	52.9	51.8	53.7
Dilutive common stock equivalents	0.7	0.7	0.8	0.8
Weighted average number of shares outstanding used in computing diluted earnings per share	51.2	53.6	52.6	54.5
Basic earnings per share	$ 0.35	$ 0.91	$ 1.49	$ 2.09
Diluted earnings per share	$ 0.35	$ 0.89	$ 1.47	$ 2.06
Anti-dilutive equity instruments (excluded from the calculation of diluted earnings per share)	0.7	1.7	0.7	1.3

Share Repurchase Plan

Fiscal Year 2017 Share Repurchase

On October 26, 2016, we announced that our Board of Directors approved an accelerated share repurchase program (the “2017 Program”) authorizing the repurchase of up to $200.0 million of our common stock to be financed with cash on hand, cash generated from operations, existing credit facilities, or new financing. On November 21, 2016, we entered into an agreement (the “2017 Agreement”) to purchase shares of our common stock from HSBC, National Association (“HSBC”), for an aggregate purchase price of $200.0 million pursuant to an accelerated share purchase program. Pursuant to the 2017 Agreement, in November 2016, we paid $200.0 million to HSBC and received from HSBC 2.8 million shares of our common stock, representing 80% of the estimated shares to be repurchased by us under the 2017 Agreement. The shares were repurchased at a price of $57.51 per share, which was the closing price of our common stock on the Nasdaq Global Select Market on November 21, 2016. These shares were canceled and restored to the status of authorized and unissued shares. We recorded the $160.0 million payment, which represents the 80% of the shares we repurchased, as a decrease to equity in our consolidated balance sheet, consisting of decreases in common stock and additional paid-in capital. As additional paid-in capital was reduced to zero, the remainder was applied as a reduction in retained earnings. The remaining $40.0 million, which is an advanced payment accounted for as a forward accelerated share repurchase contract, was recorded within other current assets within the condensed consolidated balance sheet. During the three and nine months ended March 31, 2017, the fair value of the forward accelerated share repurchase contract decreased by $0.4 million and $20.7 million respectively.

On March 20, 2017, we received 0.3 million shares representing the final settlement of the 2017 Agreement and the 2017 Program was completed. During the three months ended March 31, 2017, we applied the $19.3 million against equity as additional paid-in capital, which was reduced to zero and the remainder was applied as a reduction in retained earnings. Pursuant to the 2017 Program, we repurchased 3.1 million shares of our common stock at an average price of $64.04 per share from November 2016 to March 2017.

Fiscal Year 2016 Share Repurchase

On September 14, 2015, we announced that our Board of Directors approved a share repurchase program (the “2016 Program”) authorizing the repurchase of up to $200.0 million of our common stock to be financed with cash on hand, cash generated from operations, existing credit facilities, or new financing. On September 15, 2015, we entered into an agreement (the “2016 Agreement”) to purchase shares of our common stock from Wells Fargo Bank, National Association (“WF”), for an aggregate purchase price of $200.0 million pursuant to an accelerated share purchase program. Pursuant to the 2016 Agreement, in September 2015, we paid $200.0 million to WF and received from WF 2.3 million shares of our common stock, representing 80% of the shares to be repurchased by us under the 2016 Agreement. The shares were repurchased at a price of $70.35 per share, which was the closing price of our common stock on the Nasdaq Global Select Market on September 16, 2015. These shares were canceled and restored to the status of authorized and unissued shares. As of March 31, 2017, we recorded the $200.0 million payment to WF as a decrease to equity in our consolidated balance sheet, consisting of decreases in common stock and additional paid-in capital. As additional paid-in capital was reduced to zero, the remainder was applied as a reduction in retained earnings.

On February 10, 2016, we received 0.9 million shares representing the final settlement of the 2016 Agreement and the 2016 Program was completed. Pursuant to the 2016 Program, we repurchased 3.2 million shares of our common stock at an average price of $62.92 per share from September 2015 to February 2016.

NOTE 4. – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table reflects the activity for the components of accumulated other comprehensive income (loss), net of tax, for the nine months ended March 31, 2017:

(in millions)	Foreign Currency	Unrealized Gain/Loss on Derivatives	Total
Balance as of June 30, 2016	$ (130.5)	$ (5.5)	$ (136.0)
Other comprehensive loss before reclassifications	(5.7)	12.6	6.9
Loss reclassified from accumulated other comprehensive income	—	(6.0)	(6.0)
Net current-period other comprehensive (loss) gain	$ (5.7)	$ 6.6	$ 0.9
Balance as of March 31, 2017	$ (136.2)	$ 1.1	$ (135.1)

The change in our translation adjustment was due primarily to the movements in the Euro (EUR), Great British Pound (GBP). Japanese Yen (JPY), Indian Rupee(INR), Taiwan Dollar (TWD) and South African Rand (ZAR) exchange rates against the United States Dollar (USD). The USD appreciated by 3.1%, 7.0% and 7.8% versus the EUR, GBP and JPY, respectively, between June 30, 2016 and March 31, 2017. The movement in the EUR, GBP and JPY represented $5.4 million, $6.9 million and $1.9 million, respectively. This impact was offset by USD depreciation against INR, TWD and ZAR by 4.4%, 6.7% and 15.7%, respectively. The movement of INR, TWD and ZAR represented $4.2 million, $2.4 million and $1.7 million, respectively, resulting in $5.7 million foreign currency translation adjustment during the nine months ended March 31, 2017.

The details regarding pre-tax loss on derivative instruments reclassified to net income from accumulated other comprehensive income for the three and nine months ended March 31, 2017 and 2016 are presented below:

	Three Months Ended		
(in millions)	March 31, 2017	March 31, 2016	Affected Line in the Consolidated Statements of Income
Interest rate contracts	$ (0.1)	$ (0.1)	Interest expense, net
Foreign exchange contracts	(1.4)	(1.2)	Service Revenue
Foreign exchange contracts	(0.2)	(0.7)	Direct Costs
Total	$ (1.7)	$ (2.0)	

	Nine Months Ended		
(in millions)	March 31, 2017	March 31, 2016	Affected Line in the Consolidated Statements of Income
Interest rate contracts	$ (0.3)	$ (0.4)	Interest expense, net
Foreign exchange contracts	(6.2)	(1.6)	Service Revenue
Foreign exchange contracts	(1.1)	(5.3)	Direct Costs
Total	$ (7.6)	$ (7.3)	

The amounts of gain/loss reclassified from accumulated other comprehensive loss into net income are net of taxes of $0.3 million, and $1.6 million for the three and nine months ended March 31, 2017, respectively.

The amounts of loss reclassified from accumulated other comprehensive loss into net income are net of taxes of $0.5 million, and $2.6 million for the three and nine months ended March 31, 2016, respectively.

NOTE 5. – STOCK-BASED COMPENSATION

The classification of compensation expense within the consolidated statements of income is presented in the following table:

(in millions)	Three Months Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Direct costs	$ 1.4	$ 1.3	$ 3.5	$ 3.5
Selling, general and administrative	4.5	4.0	12.8	11.7
Total stock-based compensation	$ 5.9	$ 5.3	$ 16.3	$ 15.2

On December 3, 2015, the Company's shareholders approved a new share-based compensation plan, the 2015 Stock Incentive Plan (the “2015 Plan”). The 2015 Plan allows for the issuance of up to the sum of (i) 3.0 million shares of PAREXEL common stock plus (ii) up to an additional 3.4 million shares of PAREXEL common stock from awards under the Existing Plans (as defined below), which expire, terminate or are otherwise surrendered, canceled, forfeited, or repurchased by the Company. The Company stopped making awards under its Existing Plans upon approval of the 2015 Plan by its shareholders. The term “Existing Plans” refers collectively to the Company’s 2005 Stock Incentive Plan, 2007 Stock Incentive Plan, and 2010 Stock Incentive Plan.

The 2015 Plan allows for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards, which are referred to collectively as “Awards.” The 2015 Plan became effective upon approval by the Company’s shareholders. No Awards may be made under the 2015 Plan after December 3, 2025.

NOTE 6. RESTRUCTURING CHARGES

On January 6, 2017, the Company approved a plan (the “2017 Restructuring Program”) to restructure its operations to improve the productivity and efficiency of the Company, simplify the organization, and streamline decision-making, thereby enhancing client engagement. In May 2017, the Company approved an expansion of the 2017 Restructuring Program. The restructuring initiatives are company-wide. The remainder of the charges are expected to be incurred by the end of the fiscal year ending June 30, 2018 (“Fiscal Year 2018”). These actions are expected to result in pre-tax charges in the range of $49.0 million to $63.0 million, all of which are anticipated to be cash expenditures. We anticipate these actions to results in pre-tax charges of $46.0 million to $59.0 million for our CRS segment and $3.0 million to $4.0 million for our PAREXEL Informatics ("PI") segment.

In June 2015, the Board of Directors approved a plan (the “Margin Acceleration Program”) to restructure our operations to improve the productivity and efficiency of the Company, simplify the organization, and streamline decision-making, thereby enhancing client engagement. The Margin Acceleration Program is company-wide. The activities under the Margin Acceleration Program were substantially complete as of June 30, 2016. In Fiscal Years 2015 and 2016, we recorded restructuring charges of $20.0 million and $27.8 million, respectively. As of March 31, 2017, under our Margin Acceleration Program we have incurred $21.9 million, $5.6 million and $14.4 million related to our CRS, PC and PI segments, respectively.

Changes in the restructuring accrual during the first nine months of Fiscal Year 2017 are summarized below:

	Balance at June 30, 2016	Charges/(Benefits)	Payments/Foreign Currency Exchange/Other	Balance at March 31, 2017
2017 Restructuring Program				
Employee severance	$ —	$ 21.8	$ (4.6)	$ 17.2
2015 Margin Acceleration Program				
Employee severance	10.5	(1.0)	(8.3)	$ 1.2
Facilities-related	7.1	1.1	(4.4)	$ 3.8
Pre-Fiscal Year 2012 Restructuring Plans				
Facilities-related	0.1	—	—	0.1
Total	$ 17.7	$ 21.9	$ (17.3)	$ 22.3

Net restructuring charges (benefits) by segment are as follows:

	Nine Months Ended	
(dollars in millions)	March 31, 2017	March 31, 2016
CRS	$ 14.2	$ 10.0
PC	(0.4)	2.0
PI	5.3	7.3
Segment Total	19.1	19.3
Corporate restructuring charges	2.8	4.1
Total restructuring charges	$ 21.9	$ 23.4

NOTE 7. – SEGMENT INFORMATION

We have three reportable segments: CRS, PC and PI.

We evaluate our segment performance and allocate resources based on service revenue and gross profit (service revenue less direct costs), while other operating costs are allocated and evaluated on a geographic basis. Accordingly, we do not include the impact of selling, general, and administrative expenses, depreciation and amortization expense, other expense, and income tax expense in segment profitability. We attribute revenue to individual countries based upon the revenue earned in the respective countries; however, inter-segment transactions are not included in service revenue. Furthermore, we have a global infrastructure supporting our business segments, and therefore assets are not identified by reportable segment.

Our segment results were as follows:

(in millions)	Three Months Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Service revenue				
CRS	$ 409.1	$ 402.8	$ 1,194.3	$ 1,220.1
PC	50.7	49.9	160.3	130.6
PI	69.5	74.4	205.8	207.0
Total service revenue	$ 529.3	$ 527.1	$ 1,560.4	$ 1,557.7
Direct costs				
CRS	$ 284.1	$ 271.1	$ 830.7	$ 833.0
PC	29.9	28.2	91.2	69.2
PI	35.6	38.5	106.3	111.3
Total direct costs	$ 349.6	$ 337.8	$ 1,028.2	$ 1,013.5
Gross profit				
CRS	$ 125.0	$ 131.7	$ 363.6	$ 387.1
PC	20.8	21.7	69.1	61.4
PI	33.9	35.9	99.5	95.7
Total gross profit	$ 179.7	$ 189.3	$ 532.2	$ 544.2

NOTE 8. – INCOME TAXES

We recognize our deferred tax assets and liabilities based upon the effect of temporary differences between the book and tax basis of recorded assets and liabilities. Further, we follow a methodology in which we identify, recognize, measure, and disclose in our financial statements the effects of any uncertain tax return reporting positions that we have taken or expect to take. The methodology is based on the presumption that all relevant tax authorities possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances. Our quarterly effective income tax rate reflects management's estimates of our annual projected profitability in the various taxing jurisdictions in which we operate. Since the statutory tax rates differ in the jurisdictions in which we operate, changes in the distribution of profits and losses may have a significant impact on our effective income tax rate.

For the three months ended March 31, 2017 and 2016, we had effective income tax rates of 27.6% and 28.6%, respectively. The tax rates for these periods were lower than the expected statutory rate of 35% primarily as a result of the favorable effect of statutory tax rates applicable to income earned outside the United States on the projected annual effective tax rate.

For the nine months ended March 31, 2017 and 2016, we had effective income tax rates of 32.1% and 27.7%, respectively. The tax rates for these periods were lower than the expected statutory rate of 35% primarily as a result of the favorable effect of statutory tax rates applicable to income earned outside the United States on the projected annual effective tax rate. The tax rate for the nine months ended March 31, 2017, benefited 3.0% from the adoption of ASU 2016-09 as discussed in Note 1 to these condensed consolidated financial statements, and increased by 4.9% due to the non-deductibility of the unrealized loss on the fair value adjustment of $20.7 million in connection with accelerated share repurchase program.

As of March 31, 2017, we had $29.7 million of gross unrecognized tax benefits, of which $19.1 million would impact the effective tax rate if recognized. As of June 30, 2016, we had $29.5 million of gross unrecognized tax benefits, of which $18.9 million would impact the effective tax rate if recognized. The reserves for unrecognized tax positions primarily relate to exposures for income tax matters such as changes in the jurisdiction in which income is taxable.

As of March 31, 2017, we do not anticipate that the liability for unrecognized tax benefits for uncertain tax positions could decrease significantly over the next 12 months primarily as a result of the expiration of statutes of limitations and settlements with tax authorities.

We recognize interest and penalties related to income tax matters in income tax expense. As of March 31, 2017 and June 30, 2016, $3.7 million and $3.4 million, respectively, of gross interest and penalties were included in the liability for unrecognized tax benefits. For the nine month periods ended March 31, 2017 and 2016, expenses of $0.4 million and $0.8 million, respectively, were recorded for interest and penalties related to tax matters.

We are subject to U.S. federal income tax, as well as income tax in multiple state, local and foreign jurisdictions. Our U.S. federal, state and local income tax returns for the tax years 2005 to 2016 remain open for examination by the relevant tax authority. In foreign tax jurisdictions, the Company has open tax years dating back to 2002. The extended open tax years for these jurisdictions resulted from tax attributes carryover including net operating losses or tax credits from those tax years.

We are subject to on-going tax audits in various jurisdictions. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision and have established contingency reserves for material, known tax exposures.

NOTE 9. – CREDIT AGREEMENTS

2016 Credit Agreement

On March 11, 2016, PAREXEL, certain subsidiaries of PAREXEL; Bank of America, N.A. (“Bank of America”), as Administrative Agent, Swingline Lender and L/C Issuer; Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPFS”); HSBC Bank USA, N.A. (“HSBC”), U.S. Bank, N.A. (“US Bank”); TD Securities (USA) LLC (“TD Securities”) and Wells Fargo Securities, LLC (“Wells Fargo Securities”) as Joint Lead Arrangers and Joint Book Managers, HSBC, US Bank, TD Bank, N.A. (“TD Bank”) and Wells Fargo Bank, N.A. (“Wells Fargo Bank”) as Joint Syndication Agents, and the other lenders party thereto entered into an amended and restated credit agreement (the “2016 Credit Agreement”). The 2016 Credit Agreement provided for a five-year term loan and revolving credit facility in the principal amount of up to $750.0 million (collectively, the “Loan Amount”), plus additional amounts of up to $300.0 million of loans to be made available upon request of the Company subject to specified terms and conditions.

The 2016 Credit Agreement amends and restates the amended and restated credit agreement dated October 15, 2014, (the “2014 Credit Agreement”), by and among the Company, certain subsidiaries of the Company; Bank of America, as Administrative Agent, Swingline Lender and L/C Issuer; MLPFS; J.P. Morgan Securities LLC; HSBC; and US Bank, as Joint Lead Arrangers and Joint Book Managers; JPMorgan Chase Bank N.A., HSBC and US Bank, as Joint Syndication Agents, and the other lenders party thereto.

The 2016 Credit Agreement provides for a revolving credit facility in the principal amount of up to $350.0 million from time to time outstanding. A portion of the revolving credit facility is available for swingline loans of up to a sublimit of $100.0 million and for the issuance of standby letters of credit up to a sublimit of $10.0 million.

The 2016 Credit Agreement is intended to provide funds (i) for stock repurchases, (ii) for the issuance of letters of credit and (iii) for other general corporate purposes of PAREXEL and its subsidiaries, including permitted acquisitions.

On the closing date of March 11, 2016, after giving effect to the amendment and restatement of the 2014 Credit Agreement and the effectiveness of the 2016 Credit Agreement, the Company was obligated under the 2016 Credit Agreement for term loans in the principal amount of $400.0 million and revolving loans in the principal amount of $65.0 million.

As of March 31, 2017, we had $210.0 million of principal borrowed under the revolving credit facility and $390.0 million of principal borrowed under the term loan. The outstanding amount is presented net of debt issuance costs of approximately $2.6 million, in our consolidated balance sheet at March 31, 2017. As of March 31, 2017, we had borrowing availability of $140.0 million under the revolving credit facility.

PAREXEL’s obligations under the 2016 Credit Agreement are guaranteed by certain material domestic subsidiaries of the Company, and the obligations, if any, of any foreign designated borrower are guaranteed by the Company and certain of its material domestic subsidiaries.

Borrowings (other than swingline loans) under the 2016 Credit Agreement bear interest, at PAREXEL’s determination, at a rate based on either (a) LIBOR plus a margin (not to exceed a per annum rate of 2.0%) based on a ratio of consolidated net funded debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (the “Consolidated Net Leverage Ratio”) or (b) the highest of (i) prime, (ii) the federal funds rate plus 50 basis points, and (iii) the one month LIBOR rate plus 100 basis points (such highest rate, the “Alternate Base Rate”), plus a margin (not to exceed a per annum rate of 1.0%) based on the Consolidated Net Leverage Ratio. Swingline loans in U.S. dollars bear interest calculated at the Alternate Base Rate plus a margin (not to exceed a per annum rate of 1.0%). Loans outstanding under the 2016 Credit Agreement may be prepaid at any time in whole or in part without premium or penalty, other than customary breakage costs, if any, subject to the terms and conditions contained in the 2016 Credit Agreement. The 2016 Credit Agreement terminates, and any outstanding loans under it mature, on March 11, 2021.

Repayment of the principal borrowed under the revolving credit facility (other than a swingline loan) is due on March 11, 2021. A swingline loan under the 2016 Credit Agreement generally must be paid ten (10) business days after the loan is made. Repayment of principal borrowed under the term loan facility is as follows, with the final payment of all amounts outstanding, plus accrued interest, being due on March 11, 2021:

- 0.63% by quarterly term loan amortization payments to be made commencing June 30, 2016 and made on or prior to March 31, 2017;
- 1.25% by quarterly term loan amortization payments to be made on or after June 30, 2017, but on or prior to March 31, 2019;
- 1.88% by quarterly term loan amortization payments to be made on or after June 30, 2019, but on or prior to March 31, 2020;
- 2.50% by quarterly term loan amortization payments to be made on or after June 30, 2020, but prior to March 11, 2021; and
- 72.50% (or if less, the remaining principal amount of the term loan) on March 11, 2021.

To the extent not previously paid, all borrowings under the 2016 Credit Agreement must be repaid on March 11, 2021.

Interest due under the revolving credit facility (other than a swingline loan) and the term loan facility must be paid quarterly for borrowings with an interest rate determined with reference to the Alternate Base Rate. Interest must be paid on the last day of the interest period selected by the Company for borrowings determined with reference to LIBOR, provided that for interest periods of longer than three months, interest is required to be paid every three months. Interest under U.S. dollar swingline loans at the alternate base rate is payable quarterly.

The obligations of PAREXEL under the 2016 Credit Agreement may be accelerated upon the occurrence of an event of default under the 2016 Credit Agreement, which includes customary events of default, including payment defaults, defaults in the performance of affirmative and negative covenants, the inaccuracy of representations or warranties, bankruptcy- and insolvency-related defaults, cross defaults to material indebtedness, defaults relating to such matters as ERISA and judgments, and a change-of-control default.

The 2016 Credit Agreement contains negative covenants applicable to PAREXEL and its subsidiaries, including financial covenants requiring PAREXEL to comply with maximum net leverage ratios and minimum interest coverage ratios, as well as restrictions on liens, investments, indebtedness, fundamental changes, acquisitions, dispositions of property, specified restricted payments (including cash dividends and stock repurchases that would result in the Company exceeding an agreed-to Consolidated Net Leverage Ratio), transactions with affiliates, and other restrictive covenants. As of March 31, 2017, we were in compliance with all covenants under the 2016 Credit Agreement.

Under the terms of the 2016 Credit Agreement, neither we nor any of our subsidiaries may pay any dividend or make any other distribution with respect to any shares of capital stock except that (a) we and our subsidiaries may declare and pay dividends with respect to equity interests payable solely in additional shares of common stock, (b) our subsidiaries may declare and pay dividends and other distributions ratably with respect to their equity interests, (c) we may make payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Company and our subsidiaries, and (d) the Company and certain of its subsidiaries may make payments in connection with permitted repurchases of their respective capital stock.

In connection with the 2016 Credit Agreement, PAREXEL agreed to pay a commitment fee on the revolving loan commitment calculated as a percentage of the unused amount of the revolving loan commitment at a per annum rate of up to 0.250% (based on the Consolidated Net Leverage Ratio). To the extent there are letters of credit outstanding under the 2016 Credit Agreement, PAREXEL will pay letter of credit fees plus a fronting fee and additional charges. PAREXEL agreed to pay (i) Bank of America for its own account, an arrangement fee, (ii) to each of the lenders on the closing date, an upfront fee, and (iii) to Bank of America for its own account, an annual agency fee.

In May 2013, we entered into an interest rate swap agreement and hedged an additional principal amount of $100.0 million under a prior credit agreement, with a fixed interest rate of 0.73%. The interest rate swap agreement now hedges $100.0 million of principal under our 2016 Credit Agreement. These interest rate hedges were deemed to be fully effective in accordance with ASC 815 "*Derivatives and Hedging*", and, as such, unrealized gains and losses related to these derivatives are recorded as other comprehensive income in our consolidated balance sheets.

On October 1, 2015, we entered into a two-year interest rate swap agreement effective September 30, 2016, which now hedges an additional principal amount of $100.0 million under the 2016 Credit Agreement with a fixed interest rate 1.104%.

<u>2016 Term Loan Agreement</u>

On February 10, 2016, PAREXEL entered into a short term unsecured term loan agreement with TD Bank, providing for a loan to the Company of $75.0 million (the "Loan"). The Loan would have matured on April 30, 2016 unless earlier payment had been required under the terms of the Company loan agreement with TD Bank. The Loan bore interest, at PAREXEL's determination, at a base rate plus a margin (such margin not to exceed a per annum rate of 1.750%) based on a ratio of consolidated funded debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for the prior four fiscal quarters (the "Leverage Ratio"), or at a LIBOR rate plus a margin (such margin not to exceed a per annum rate of 1.750%) based on the Leverage Ratio. The Loan could have been prepaid at any time in whole or in part without premium or penalty, other than customary breakage costs, if any, subject to the terms and conditions of the loan agreement.

The proceeds of the Loan were advanced to the Company on February 12, 2016 and were used to repay borrowings under the Company's 2014 Facility.

The obligations of PAREXEL under the Loan could have been accelerated upon the occurrence of an event of default under the Loan, which included customary events of default, including payment defaults, the inaccuracy of representations or warranties, and cross defaults to the 2014 Facility.

As of March 31, 2017, all outstanding amounts under the Loan were fully repaid with the proceeds from the 2016 Credit Agreement.

Master Financing Agreement

On June 12, 2015, we entered into a three-year, interest-free Master Financing Agreement for $7.1 million with General Electric Capital Corporation, ("GECC"), in conjunction with a software term license purchase. On June 30, 2015 we received the gross proceeds of $7.1 million from GECC. Repayment of the principal borrowed under the Master Financing Agreement is due annually on July 1 as follows:

- $1.4 million made on or prior to July 1, 2015;
- $2.8 million made on or prior to July 1, 2016; and
- $2.9 million paid on or prior to July 1, 2017.

As of March 31, 2017, we had $2.9 million principal borrowed under the Master Financing Agreement.

2014 Credit Agreement

The 2014 Credit Agreement provided for a five-year term loan and revolving credit facility in the principal amount of up to $500.0 million (collectively, the "Loan Amount"), plus additional amounts of up to $300.0 million of loans to be made available upon request of the Company subject to specified terms and conditions. The loan facility available under the 2014 Credit Agreement consisted of a term loan facility and a revolving credit facility. The principal amount of up to $200.0 million of the Loan Amount was available through the term loan facility, and the principal amount of up to $300.0 million of the Loan Amount was available through the revolving credit facility. A portion of the revolving credit facility was available for swingline loans of up to a sublimit of $100.0 million and for the issuance of standby letters of credit of up to a sublimit of $10.0 million.

Our obligations under the 2014 Credit Agreement were guaranteed by certain of our material domestic subsidiaries, and the obligations, if any, of any foreign designated borrower were guaranteed by us and certain of our material domestic subsidiaries.

The 2014 Credit Agreement was superseded by the 2016 Credit Agreement, and as of March 31, 2017 all outstanding amounts under the 2014 Credit Agreement were fully repaid.

Note Purchase Agreement

On July 25, 2013, we issued $100.0 million principal amount of 3.11% senior notes due July 25, 2020 (the "Notes") for aggregate gross proceeds of $100.0 million in a private placement solely to accredited investors. The Notes were issued pursuant to a Note Purchase Agreement entered into by us with certain institutional investors on June 25, 2013 (the "Note Purchase Agreement"). Proceeds from the Notes were used to pay down $100.0 million of principal borrowed under the revolving credit facility of a previous credit agreement. We will pay interest on the outstanding balance of the Notes at a rate of 3.11% per annum, payable semi-annually on January 25 and July 25 of each year until the principal on the Notes shall have become due and payable. We may, at our option, upon notice and subject to the terms of the Note Purchase Agreement, prepay at any time all or part of the Notes in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding, plus a Make-Whole Amount (as defined in the Note Purchase Agreement). The Notes become due and payable on July 25, 2020, unless payment is required to be made earlier under the terms of the Note Purchase Agreement.

The Note Purchase Agreement includes operational and financial covenants, with which we are required to comply, including, among others, maintenance of certain financial ratios and restrictions on additional indebtedness, liens, and dispositions. As of March 31, 2017, we were in compliance with all covenants under the Note Purchase Agreement.

In connection with the Note Purchase Agreement, certain of our subsidiaries entered into a Subsidiary Guaranty, pursuant to which such subsidiaries guaranteed our obligations under the Notes and the Note Purchase Agreement.

As of March 31, 2017, there was $100.0 million in aggregate principal amount outstanding under the Notes. The outstanding amounts are presented net of debt issuance cost of approximately $0.3 million in our consolidated balance sheets.

Receivable Purchase Agreement

On February 22, 2017, we entered into a receivables purchase agreement (the "Bank of America Receivable Agreement") with Bank of America, N.A. ("Bank"). Under the Bank of America Receivable Agreement, we sell to the Bank or other investors on an ongoing basis certain of our trade receivables, together with ancillary rights and the proceeds thereof, which arise under contracts with a client, or its subsidiaries or affiliates. The Bank of America Receivable Agreement includes customary representations and covenants on behalf of us, and may be terminated by either us or the Bank upon thirty business days' advance notice. The Bank of America Receivable Agreement provides a mechanism for accelerating the receipt of cash due on outstanding receivables. We account for the transfer of our receivables with respect to which we have satisfied the applicable revenue recognition criteria in accordance with ASC 860, *"Transfers and Servicing."* If we have not satisfied the applicable revenue recognition criteria for the underlying sales transaction, the transfer of the receivable is accounted for as a financing activity in accordance with ASC 470, *"Debt."* The accounts receivable and short-term debt balances are derecognized from our consolidated balance sheets at the earlier of the factored receivable's due date or when all of the revenue recognition criteria are met for those billed services. During the nine months ended March 31, 2017, we did not transfer any trade receivables. As of March 31, 2017, no transfers were accounted for as a financing activity.

On February 19, 2013, we entered into a receivables purchase agreement (the "Receivable Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan"). Under the Receivable Agreement, we sell to JPMorgan or other investors on an ongoing basis certain of our trade receivables, together with ancillary rights and the proceeds thereof, which arise under contracts with a client, or its subsidiaries or affiliates. The Receivable Agreement includes customary representations and covenants on behalf of us, and may be terminated by either us or JPMorgan upon five business days' advance notice. The Receivable Agreement provides a mechanism for accelerating the receipt of cash due on outstanding receivables. We account for the transfer of our receivables with respect to which we have satisfied the applicable revenue recognition criteria in accordance with ASC 860, *"Transfers and Servicing."* If we have not satisfied the applicable revenue recognition criteria for the underlying sales transaction, the transfer of the receivable is accounted for as a financing activity in accordance with ASC 470, *"Debt."* The accounts receivable and short-term debt balances are derecognized from our consolidated balance sheets at the earlier of the factored receivable's due date or when all of the revenue recognition criteria are met for those billed services. During the nine months ended March 31, 2017, we transferred approximately $0.7 million of trade receivables. As of March 31, 2017 and June 30, 2016, no transfers were accounted for as a financing activity.

Additional Lines of Credit

On December 23, 2016, we entered into an unsecured line of credit with HSBC Bank, USA in the amount of $100.0 million. The line bears interest, at PAREXEL's determination, at a base rate plus a margin (such margin not to exceed a per annum rate of 1.00%) based on a ratio of consolidated funded debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for the prior four fiscal quarters (the "Leverage Ratio"), or at a LIBOR rate plus a margin (such margin not to exceed a per annum rate of 2.00%) based on the Leverage Ratio. We entered into this line of credit to facilitate business transactions. As of March 31, 2017, we had $100.0 million available under this line of credit.

We have an unsecured line of credit with JP Morgan UK of $4.5 million, which bears interest at an annual rate ranging between 2.00% and 4.00%. We entered into this line of credit to facilitate business transactions. At March 31, 2017, we had $4.5 million available for borrowing under this line of credit.

We have an unsecured uncommitted overdraft facility with ING Bank NV of 7.5 million Euros, which bears interest at an annual rate ranging between 2.00% and 4.00%. We entered into this line of credit to facilitate business transactions. At March 31, 2017, we had 7.5 million Euros available under this line of credit.

NOTE 10. – DEBT, COMMITMENTS, CONTINGENCIES AND GUARANTEES

As of March 31, 2017, our future minimum debt obligations related to the 2016 Credit Agreement and the Notes described in Note 9 above were as follows:

(in millions)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Thereafter	Total
Debt obligations (principal)	$ 5.0	$ 22.8	$ 22.5	$ 32.5	$ 620.0	$ —	$ 702.8

We have letter-of-credit agreements with banks totaling approximately $9.7 million guaranteeing performance under various operating leases and vendor agreements. Additionally, the borrowings under the 2016 Credit Agreement and the Notes are guaranteed by certain of our U.S. subsidiaries.

We periodically become involved in various claims and lawsuits that are incidental to our business. We are also regularly subject to, and are currently undergoing, audits by tax authorities in the United States and foreign jurisdictions for prior tax years relating to indirect taxes. Although we believe our accruals for non-income tax related tax exposures to be appropriately estimated, and we intend to defend our positions through litigation if necessary, the final outcome of tax audits and related litigation is inherently uncertain and could be materially different than that reflected in our accruals. Adverse outcomes of tax audits could also result in assessments of substantial additional taxes and/or fines or penalties relating to ongoing or future audits. For indirect tax-related matters we estimate our reasonably possible loss in excess of amounts accrued as probable and estimable to be up to approximately $6.5 million at March 31, 2017.

The above table does not include asset retirement obligations due to the uncertainty of the timing of the future cash outflows related to the restoration costs associated with returning certain facilities to their original condition upon termination of our long-term lease. As of March 31, 2017, the obligation expected to be incurred was $14.5 million.

The above table does not include contingent consideration due to the uncertainty regarding the amounts and timing of the future cash outflows related to the potential payments. As of March 31, 2017, we recorded contingent consideration liabilities of $15.9 million. See Note 12 to our consolidated financial statements included in this quarterly report for more information.

After consultation with counsel or other experts, we believe that no matters currently pending would, in the event of an adverse outcome, either individually or in the aggregate, have a material impact on our consolidated financial position, results of operations, or liquidity.

NOTE 11. – DERIVATIVES

We are exposed to certain risks relating to our ongoing business operations. The primary risks managed by using derivative instruments are interest rate risk and foreign currency exchange rate risk. Accordingly, we have instituted interest rate and foreign currency hedging programs that are accounted for in accordance with ASC 815.

- Our interest rate hedging program is a cash flow hedge program designed to minimize interest rate volatility. We swap the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount, at specified intervals. Our interest rate contracts are designated as hedging instruments.
- Our foreign currency hedging program is a cash flow hedge program designed to mitigate foreign currency exchange rate volatility due to the foreign currency exchange exposure related to intercompany and significant external transactions. This program also is intended to reduce the impact of foreign exchange rate risk on our direct costs and our service revenues. We primarily utilize forward currency exchange contracts and cross-currency swaps with maturities of no more than 12 months. These contracts are designated as hedging instruments.

We also enter into other economic hedges to mitigate foreign currency exchange risk related to intercompany and significant external transactions. These contracts are not designated as hedges in accordance with ASC 815.

The following table presents the notional amounts and fair values of our derivatives as of March 31, 2017 and June 30, 2016. The gross position of all asset and liability amounts is reported in other current assets, other assets, other current liabilities, and other liabilities in our consolidated balance sheets.

(in millions)	March 31, 2017		June 30, 2016	
	Notional Amount	Asset (Liability)	Notional Amount	Asset (Liability)
Derivatives designated as hedging instruments under ASC 815				
Derivatives in an asset position:				
Interest rate contracts	$ 200.0	$ 0.9	$ —	$ —
Foreign exchange contracts	92.3	4.7	81.2	3.5
Derivatives in a liability position:				
Interest rate contracts	—	—	200.0	(1.3)
Foreign exchange contracts	63.7	(2.8)	103.3	(8.9)
Total designated derivatives	$ 356.0	$ 2.8	$ 384.5	$ (6.7)
Derivatives not designated as hedging instruments under ASC 815				
Derivatives in an asset position:				
Foreign exchange contracts	$ 104.5	$ 1.4	$ 36.2	$ 1.5
Derivatives in a liability position:				
Foreign exchange contracts	107.7	(2.5)	48.0	(1.4)
Total non-designated derivatives	$ 212.2	$ (1.1)	$ 84.2	$ 0.1
Total derivatives	$ 568.2	$ 1.7	$ 468.7	$ (6.6)

Under certain circumstances, such as the occurrence of significant differences between actual cash payments and forecasted cash payments, the ASC 815 programs could be deemed ineffective. We record the effective portion of any change in the fair value of derivatives designated as hedging instruments under ASC 815 to other accumulated comprehensive loss in our consolidated balance sheets, net of deferred taxes, and any ineffective portion to miscellaneous income (expense), net in our consolidated statements of income. During the three months ended March 31, 2017 and 2016, we recorded losses of $0.4 million and $0.1 million, respectively, in miscellaneous income (expense), net in our consolidated statements of income to reflect ineffective portions of hedges. During the nine months ended March 31, 2017 and 2016, we recorded less than $0.1 million of losses and $1.7 million, respectively, in miscellaneous income (expense), net in our consolidated statements of income to reflect ineffective portions of hedges.

The amounts recognized in other comprehensive income (loss), net of taxes, are presented below:

(in millions)	Three Months Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Derivatives designated as hedging instruments under ASC 815				
Interest rate contracts	$ (0.6)	$ (1.1)	$ 1.3	$ (0.9)
Foreign exchange contracts	6.1	2.5	5.3	0.1
Total designated derivatives	$ 5.5	$ 1.4	$ 6.6	$ (0.8)

The unrealized gain (loss) on derivative instruments is net of $1.7 million and $0.7 million taxes, respectively, for the three months ended March 31, 2017 and 2016. The unrealized gain (loss) on derivative instruments is net of $2.2 million and $0.3 million taxes, respectively, for the nine months ended March 31, 2017 and 2016.The estimated net amount of the existing gains that are expected to be reclassified into earnings within the next twelve months is $2.5 million.

The change in the fair value of derivatives not designated as hedging instruments under ASC 815 is recorded to miscellaneous (expense) income, net in our consolidated statements of income. The total gains and losses related to foreign exchange contracts not designated as hedging instruments were losses of $1.8 million and of $2.6 million for the three months ended March 31, 2017 and 2016, respectively. The total gains and losses related to foreign exchange contracts not designated as hedging instruments were gains of $0.3 million and losses of $1.1 million for the nine months ended March 31, 2017 and 2016, respectively. The loss related to the forward share repurchase contract for the three and nine months ended March 31, 2017 was $0.4 million and $20.7 million, respectively.

The unrealized gains/losses recognized are presented below:

(in millions)	Three Months Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Derivatives not designated as hedging instruments under ASC 815				
Foreign exchange contracts	$ (1.0)	$ 1.6	$ (1.2)	$ 0.9
Total non-designated derivative unrealized gain/(loss), net	$ (1.0)	$ 1.6	$ (1.2)	$ 0.9

NOTE 12. – FAIR VALUE MEASUREMENTS

We apply the provisions of ASC 820, *"Fair Value Measurements and Disclosures"* ("ASC 820"). ASC 820 defines fair value and provides guidance for measuring fair value and expands disclosures about fair value measurements. ASC 820 enables the reader of financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair value. ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

The following table sets forth by level, within the fair value hierarchy, our assets (liabilities) carried at fair value as of March 31, 2017:

(in millions)	Level 1	Level 2	Level 3	Total
Contingent consideration	$ —	$ —	$ (15.9)	$ (15.9)
Interest rate derivative instruments	—	0.9	—	0.9
Foreign currency exchange contracts	—	0.8	—	0.8
Total	$ —	$ 1.7	$ (15.9)	$ (14.2)

The following table sets forth by level, within the fair value hierarchy, our assets (liabilities) carried at fair value as of June 30, 2016:

(in millions)	Level 1	Level 2	Level 3	Total
Contingent consideration	$ —	$ —	$ (5.2)	$ (5.2)
Interest rate derivative instruments	—	(1.3)	—	(1.3)
Foreign currency exchange contracts	—	(5.3)	—	(5.3)
Total	$ —	$ (6.6)	$ (5.2)	$ (11.8)

Level 1 Estimates

Cash equivalents are measured at quoted prices in active markets. These investments are considered cash equivalents due to the short maturity (less than 90 days) of the investments.

Level 2 Estimates

Interest rate derivative instruments are measured at fair value using a market approach valuation technique. The valuation is based on an estimate of net present value of the expected cash flows using relevant mid-market observable data inputs and based on the assumption of no unusual market conditions or forced liquidation.

Foreign currency exchange contracts are measured at fair value using a market approach valuation technique. The inputs to this technique utilize current foreign currency exchange forward market rates published by leading third-party financial news and data providers. These are observable data that represent the rates that the financial institution uses for contracts entered into at that date; however, they are not based on actual transactions, so they are classified as Level 2.

Level 3 Estimates

We have entered into a forward share repurchase contract in connection with our 2017 accelerated share repurchase program with HSBC. We recorded the $160.0 million payment, which represents the 80% of the shares we repurchased, as a decrease to equity in our consolidated balance sheet, consisting of decreases in common stock and additional paid-in capital. As additional paid-in capital was reduced to zero, the remainder was applied as a reduction in retained earnings. The remaining $40.0 million, which is an advance payment accounted for as a forward share repurchase contract, was recorded as within other current assets within the condensed consolidated balance sheet. The prepaid forward contract was initially valued at the transaction price of $40.0 million. The forward share repurchase contract was remeasured at fair value with market conditions based on the use of a Monte-Carlo Simulation Model. Increases or decreases in the fair value of our forward contract are primarily impacted by the Company's stock price.

On February 27, 2017, the Company entered into an amendment with HSBC to amend the definitions of the purchaser share cap and the seller share cap. There was no charge to the Company by HSBC to amend these terms. This amendment modifies the contract in which the new terms qualify the ASR contract to be reclassified to equity.

During the three months ended March 31, 2017, the fair value of the forward share repurchase contract decreased by $0.4 million from $19.7 million to $19.3 million. During the nine months ended March 31, 2017, the fair value of the forward share repurchase contract decreased by $20.7 million. The change in fair value was recorded in miscellaneous (expense) income, net.

The recurring Level 3 fair value measurements of our forward share repurchase contract asset include the following significant unobservable inputs:

Unobservable Input	Forward Share Repurchase Contract
Risk free rate	0.5%
Share price volatility	37.5%
Contract term	0.2 years

The following table provides a summary of the change in our valuation of the fair value of the forward accelerated share repurchase contract asset, which was determined by Level 3 inputs:

(in millions)		
Balance at June 30, 2016		—
Additions of forward share repurchase contract		40.0
Change in fair value of forward share repurchase contract		(20.7)
Reclass of forward accelerated share repurchase contract to equity		(19.3)
Balance at March 31, 2017	$	—

Contingent consideration liabilities are re-measured to fair value each reporting period using projected financial targets, discount rates, probabilities of payment, and projected payment dates. Projected contingent payment amounts are discounted back to the current period using a discounted cash flow model. Projected financial targets are based on our most recent internal operational budgets and may take into consideration alternate scenarios that could result in more or less profitability for the respective service line. Increases or decreases in projected financial targets and probabilities of payment may result in significant changes in the fair value measurements. Increases in discount rates and the time to payment may result in lower fair value measurements. Increases or decreases in any of those inputs in isolation may result in a significantly lower or higher fair value measurement.

In March 2017, we acquired TMAC. The purchase price for the TMAC acquisition was approximately $37.7 million, plus the potential to pay up to an additional $11.0 million at the end of a three year period ending December 31, 2019 if TMAC achieves specific financial targets. The contingent consideration related to the TMAC acquisition is measured at fair value with market conditions based on the use of a Monte-Carlo Simulation Model. Increases or decreases in the fair value of our contingent consideration liability is primarily impacted by the likelihood of achieving financial targets, but also by changes in discount periods and rates.

In October 2016, we acquired ExecuPharm. The purchase price for the ExcuPharm acquisition was approximately $148.9 million, plus the potential to pay up to an additional $20.0 million at the end of a two year period ending June 30, 2018 if ExecuPharm achieves specific financial targets. The contingent consideration related to the ExecuPharm acquisition is measured at fair value with market conditions based on the use of a Monte-Carlo Simulation Model. Increases or decreases in the fair value of our contingent consideration liability is primarily impacted by the likelihood of achieving financial targets, but also by changes in discount periods and rates.

In February 2016, we acquired Health Advances. The purchase price for the Health Advances acquisition was approximately $67.1 million, plus the potential to pay up to an additional $15.8 million over a thirty-six month period following the acquisition date if Health Advances achieves specific financial targets. The contingent consideration related to the Health Advances acquisition is measured at fair value with market conditions based on the use of a Monte-Carlo Simulation Model. Increases or decreases in the fair value of our contingent consideration liability is primarily impacted by the likelihood of achieving financial targets, but also from changes in discount periods and rates.

The recurring Level 3 fair value measurements of our contingent consideration liability include the following significant unobservable inputs:

Unobservable Input	Health Advances	ExecuPharm	TMAC
Risk free rate	1.3%	0.7%	1.5%
Revenue volatility	26%	29%	25%
Projected period of payment	Approximately 2 years	15 months	Approximately 3 years

The following table provides a summary of the change in our valuation of the fair value of the contingent consideration liability, which was determined by Level 3 inputs:

(in millions)		
Balance at June 30, 2016	$	5.2
Additions of contingent consideration due to acquisitions		11.5
Change in fair value of contingent consideration		(0.8)
Balance at March 31, 2017	$	15.9

As of March 31, 2017, the maximum amount of future contingent consideration (undiscounted) that we could be required to pay was approximately $46.8 million.

For the three and nine months ended March 31, 2017, there were no transfers among Level 1, Level 2, or Level 3 categories. Additionally, there were no changes in the valuation techniques used to determine the fair values of our Level 2 or Level 3 assets or liabilities. For the three months ended March 31, 2017, the change in the fair value of the contingent consideration for Health Advances, LLC ("Health Advances") of $2.7 million was recorded in selling, general and administrative expense. During the nine months ended March 31, 2017, the fair value of contingent consideration for Health Advances in the amount of $1.9 million decreased by $3.3 million from June 30, 2016. In addition to this, for the three and nine months ended March 31, 2017 the change in the fair value of the contingent consideration for ExecuPharm Holding Company, Inc. ("ExecuPharm") increased by $2.5 million to $11.9 million as at March 31, 2017. For the nine months ended March 31, 2016, the change in the fair value of the contingent consideration for ClinIntel Limited ("ClinIntel") of and $8.2 million was recorded in selling, general and administrative expense.

The fair value of the debt under the Notes was estimated to be $97.0 million as of March 31, 2017, and was determined using U.S. government treasury rates and Level 3 inputs, including a credit risk adjustment.

The carrying value of our current and long-term debt under the 2016 Credit Agreement approximates fair value because all of the debt bears variable-rate interest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information discussed below is derived from the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. The financial information set forth and discussed below is unaudited but, in the opinion of our management, includes all adjustments (primarily consisting of normal recurring adjustments) considered necessary for a fair presentation of such information. Our results of operations for a particular quarter may not be indicative of results expected during subsequent fiscal quarters or for the entire fiscal year.

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended. For this purpose, any statements contained in this Quarterly Report on Form 10-Q regarding our strategy, future operations, financial position, future revenue, projected costs, prospects, plans and objectives of management, other than statements of historical facts, are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "appears," "intends," "may," "plans," "projects," "would," "could," "should," "targets," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions, or expectations expressed or implied in our forward-looking statements. There are a number of important factors that could cause actual results, levels of activity, performance or events to differ materially from those expressed or implied in the forward-looking statements we make. These important factors are described under the heading "Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, filed with the Securities and Exchange Commission (the "SEC") on September 9, 2016 (the "2016 10-K"), and under "Risk Factors" set forth in Part II, Item 1A below. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed herein may not occur and our actual performance and results may vary from those anticipated or otherwise suggested by such statements. You are cautioned not to place undue reliance on these forward-looking statements. Although we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, even if our estimates change, and you should not rely on those forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

BUSINESS OVERVIEW

We are a leading biopharmaceutical outsourcing services company, providing a broad range of expertise in clinical research, clinical logistics, medical communications, consulting, commercialization, and advanced technology products and services to the worldwide pharmaceutical, biotechnology, and medical device industries. Our primary objective is to provide quality solutions for managing the biopharmaceutical product lifecycle with the goal of reducing the time, risk, and cost associated with the development and commercialization of new therapies. Since our incorporation in 1983, we have developed significant expertise in processes and technologies supporting this strategy. Our product and service offerings include: clinical trials management, observational studies and patient/disease registries, data management, biostatistical analysis, epidemiology, health economics / outcomes research, pharmacovigilance, medical communications, clinical pharmacology, patient recruitment, clinical supply and drug logistics, post-marketing surveillance, regulatory and product development and commercialization consulting, health policy and reimbursement and market access consulting, medical imaging services, regulatory information management ("RIM") solutions, ClinPhone randomization and trial supply management services ("RTSM"), electronic data capture systems ("EDC"), clinical trial management systems ("CTMS"), web-based portals, systems integration, patient diary applications, and other product development tools and services. We believe that our comprehensive services, depth of therapeutic area expertise, global footprint and related access to patients, and sophisticated information technology, along with our experience in global drug development and product launch services, represent key competitive strengths. We have three reporting segments: Clinical Research Services ("CRS"), PAREXEL Consulting Services ("PC"), and PAREXEL Informatics ("PI").

- CRS constitutes our core business and includes all phases of clinical research from Early Phase (encompassing the early stages of clinical testing that range from first-in-man through proof-of-concept studies) to Phase II-III and Phase IV, which we include in our PAREXEL Access product offering. Our services include clinical trials management and biostatistics, data management and clinical pharmacology, as well as related medical advisory, patient recruitment, pharmacovigilance, and investigator site services. CRS also includes our clinical supply and drug logistics business. We have aggregated Early Phase and PAREXEL Access with Phase II-III due to economic similarities in these operating segments.
- PC provides technical expertise and advice in such areas as drug development, regulatory affairs, product pricing and reimbursement, commercialization, and strategic compliance. It also provides a full spectrum of market development, product development, and targeted communications services in support of product launch. Our PC consultants identify alternatives and propose solutions to address client issues associated with product development, registration and commercialization.
- PI provides information technology solutions designed to help improve clients' product development and regulatory submission processes. PI offers a portfolio of products and services that includes medical imaging services, ClinPhone® RTSM, IMPACT® CTMS, DataLabs® EDC, web-based portals, systems integration, electronic patient reported outcomes

("ePRO") and LIQUENT InSight® RIM platform. These services are often bundled together and integrated with other applications to provide an eClinical solution for our clients. In addition, PI's portfolio of services is increasingly being embedded with that of CRS, to provide our clients with an integrated offering.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and other financial information. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience and on various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

For further information on our other critical accounting policies, please refer to the consolidated financial statements and footnotes thereto included in the 2016 10-K.

RESULTS OF OPERATIONS

Three and Nine Months Ended March 31, 2017 Compared With Three and Nine Months Ended March 31, 2016:

Revenue

Our service revenue by segment is as follows:

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Service revenue						
CRS	$ 409.1	$ 402.8	1.6 %	$ 1,194.3	$ 1,220.1	(2.1)%
PC	50.7	49.9	1.6 %	160.3	130.6	22.7 %
PI	69.5	74.4	(6.6)%	205.8	207.0	(0.6)%
Total service revenue	$ 529.3	$ 527.1	0.4 %	$ 1,560.4	$ 1,557.7	0.2 %

ANALYSIS BY SEGMENT

We evaluate our segment performance and allocate resources based on service revenue and gross profit (service revenue less direct costs), while other operating costs are allocated and evaluated on a geographic basis. Accordingly, we do not include the impact of selling, general, and administrative expenses, depreciation and amortization expense, other expense, and income tax expense in segment profitability. We attribute revenue to individual countries based upon the revenue earned in the respective countries; however, inter-segment transactions are not included in service revenue. Furthermore, we have a global infrastructure supporting our business segments, and therefore, assets are not identified by reportable segment.

Service revenue increased by $2.2 million, or 0.4%, to $529.3 million for the three months ended March 31, 2017 from $527.1 million for the same period in the fiscal year ended June 30, 2016 ("Fiscal Year 2016"). Service revenue increased by $2.7 million to $1,560.4 million for the nine months ended March 31, 2017 from $1,557.7 million for the same period in Fiscal Year 2016.

CRS

In the three months ended March 31, 2017, CRS service revenue increased $6.3 million, or 1.6%, to $409.1 million from $402.8 million for the same period in Fiscal Year 2016. The increase was primarily due to $28.9 million from the acquisition of ExecuPharm, Inc. ("ExecuPharm") in the second quarter of the fiscal year ending June 30, 2017 ("Fiscal Year 2017"), and $2.8 million from the acquisition of The Medical Affairs Company, LLC ("TMAC") in the third quarter of Fiscal Year 2017, partially offset by lower revenue in Phase II/III due to large late phase studies reaching completion. In the nine months ended March 31, 2017, CRS service revenue decreased by $25.8 million, or 2.1%, to $1,194.3 million from $1,220.1 million for the same period in Fiscal Year 2016. The decrease was primarily due to a high number of cancellations for active studies and large late phase studies reaching completion, partially offset by growth in our early-phase business due to increased business volumes and $57.7 million from the acquisition of ExecuPharm.

PC

PC service revenue increased by $0.8 million, or 1.6%, to $50.7 million for the three months ended March 31, 2017 from $49.9 million for the same period in Fiscal Year 2016. The slight increase was primarily due to an additional $2.6 million in revenue from the acquisition of Health Advances, LLC ("Health Advances") in the third quarter of Fiscal Year 2016, offset by lower than expected conversion of our regulatory outsourcing pipeline and lower demand for regulatory services in relation to the core clinical trial business. PC service revenue increased by $29.7 million, or 22.7%, to $160.3 million for the nine months ended March 31, 2017 from $130.6 million for the same period in Fiscal Year 2016. The increase was due to new partnerships, an increase in the number of projects and an additional $20.1 million in revenue from the acquisition of Health Advances in the third quarter of Fiscal Year 2016.

PI

Service revenue decreased by $4.9 million, or 6.6%, to $69.5 million in the three months ended March 31, 2017 from $74.4 million in the same period in Fiscal Year 2016. Service revenue decreased by $1.2 million, or 0.6% to $205.8 million, in the nine months ended March 31, 2017 from $207.0 million in the same periods in Fiscal Year 2016. The decreases in service revenue during the three months ended March 31, 2017 compared to the same periods in Fiscal Year 2016, were primarily driven by lower than expected new business and project delays. The decreases in service revenue during the nine months ended March 31, 2017 compared to the same periods in Fiscal Year 2016, were primarily driven by a loss on derivative instruments reclassified to revenue, partially offset by growth in Medical Imaging.

Reimbursement Revenue

Reimbursement revenue consists of reimbursable out-of-pocket expenses incurred on behalf of, and reimbursable by, clients. Reimbursement revenue does not yield any gross profit to us, nor does it have an impact on our net income.

Direct Costs

Our direct costs and service gross profit by segment are as follows:

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Direct costs						
CRS	$ 284.1	$ 271.1	4.8 %	$ 830.7	$ 833.0	(0.3)%
PC	29.9	28.2	6.0 %	91.2	69.2	31.8 %
PI	35.6	38.5	(7.5)%	106.3	111.3	(4.5)%
Total direct costs	$ 349.6	$ 337.8	3.5 %	$ 1,028.2	$ 1,013.5	1.5 %
Gross profit						
CRS	$ 125.0	$ 131.7	(5.1)%	$ 363.6	$ 387.1	(6.1)%
PC	20.8	21.7	(4.1)%	69.1	61.4	12.5 %
PI	33.9	35.9	(5.6)%	99.5	95.7	4.0 %
Total gross profit	$ 179.7	$ 189.3	(5.1)%	$ 532.2	$ 544.2	(2.2)%

Direct costs increased by $11.8 million, or 3.5% to $349.6 million in the three months ended March 31, 2017 from $337.8 million for the three months ended March 31, 2016. In the three months ended March 31, 2017, direct costs as a percentage of total service revenue, increased to 66.0% from 64.1% compared to the same period in Fiscal Year 2016. Direct costs increased by $14.7 million, or 1.5% to $1,028.2 million in the nine months ended March 31, 2017 from $1,013.5 million for the nine months ended March 31, 2016. As a percentage of total service revenue, direct costs for the nine months ended March 31, 2017 increased to 65.9% from 65.1% for the respective period in Fiscal Year 2016. For the three and nine months ended March 31, 2017 compared to the same periods in Fiscal Year 2016 gross margin decreased primarily due to margin contraction in the CRS and PC segments, partially offset by increases in the PI segment.

CRS

Direct costs increased by $13.0 million, or 4.8%, to $284.1 million in the three months ended March 31, 2017 from $271.1 million for the three months ended March 31, 2016. For the three months ended March 31, 2017 compared to the same period in Fiscal Year 2016, CRS direct costs increased primarily due to the acquisitions of ExecuPharm in the second quarter of Fiscal Year 2017, and TMAC in the third quarter of Fiscal Year 2017, as well as an increase in restructuring charges, partially offset by decreases due to lower business volumes, and lower variable compensation expense. Direct costs decreased $2.3 million, or 0.3%, to $830.7 million in the nine months ended March 31, 2017 from $833.0 million for nine months ended March 31, 2016. For the nine months ended March 31, 2017 compared to the same period in Fiscal Year 2016, CRS direct costs decreased primarily due to lower business volume, lower fixed and variable compensation expense and lower cost incurred in connection with our restructuring programs, partially offset by increases from the acquisitions of ExecuPharm and TMAC. As a percentage of service revenue, direct costs increased to 69.4% in the three months ended March 31, 2017 from 67.3% for the same period in Fiscal Year 2016, and increased to 69.6% for the nine months ended March 31, 2017 from 68.3% for the same period in Fiscal Year 2016. The increase in the three and nine months ended March 31, 2017 was due primarily to lower gross margins contributed by ExecuPharm, which was acquired on October 3, 2016, partially offset by lower labor costs as a result of the restructuring programs.

PC

Direct costs increased by $1.7 million, or 6.0%, to $29.9 million in the three months ended March 31, 2017 from $28.2 million for the same period in Fiscal Year 2016. Direct costs increased $22.0 million, or 31.8% to $91.2 million in the nine months ended March 31, 2017 from $69.2 million for the same period in Fiscal Year 2016. Direct costs increased in the three months ended March 31, 2017 compared to the same period in Fiscal Year 2016 due primarily to an increase in labor costs. Direct costs increased in the nine months ended March 31, 2017 compared to the same period in Fiscal Year 2016 due primarily to an increase in direct costs associated with the acquisition of Health Advances. As a percentage of service revenue, direct costs increased to 59.0% for the three months ended March 31, 2017 from 56.5% for the same period in Fiscal Year 2016 and increased to 56.9% from 53.0% in the nine month comparison due primarily to less favorable revenue mix.

PI

Direct costs decreased by $2.9 million, or 7.5%, to $35.6 million in the three months ended March 31, 2017 from $38.5 million for the same period in Fiscal Year 2016. Direct costs decreased by $5.0 million, or 4.5% to $106.3 million in the nine months ended March 31, 2017 from $111.3 million in the same period in Fiscal Year 2016. Direct costs decreased in the three and nine months ended March 31, 2017 compared to the same periods in Fiscal Year 2016 primarily due to service revenue mix and lower costs due to our MAP (the “Margin Acceleration Program”). As a percentage of service revenue, direct costs in the three months ended March 31, 2017, decreased to 51.2% from 51.7% for the same period in Fiscal Year 2016. In the nine months ended March 31, 2017 direct costs as a percentage of service revenue decreased to 51.7% from 53.8% for the same period in Fiscal Year 2016. Direct costs as a percentage of service revenue decreased in the three and nine months ended March 31, 2017 from the same periods in Fiscal Year 2016 primarily due to lower total compensation costs, driven by lower headcount, as well as lower costs due to our MAP.

Selling, General and Administrative ("SG&A")

SG&A expense is summarized as follows:

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Selling, general and administrative	$ 100.8	$ 97.1	3.8%	$ 288.6	$ 289.4	(0.3)%
% of service revenues	19.0%	18.4%		18.5%	18.6%	

SG&A expense increased 3.8% for the three months ended March 31, 2017, compared to the same period in Fiscal Year 2016. SG&A expense decreased 0.3%, for the nine months ended March 31, 2017 compared to the same period in Fiscal Year 2016. The increase in SG&A for the three months ended March 31, 2017 was primarily due to a $5.6 million net adjustment for a charge related to a fully impaired internally developed software, and an increase in professional fees, partially offset by a favorable foreign exchange impact of $3.0 million and the effect of efficiency initiatives for our support functions. The decrease in SG&A for the nine months ended March 31, 2017 was primarily due to a $9.0 million reduction in losses from the changes in fair value of contingent consideration, a favorable foreign exchange impact of $9.5 million and the effect of efficiency initiatives for our support functions, partially offset by a $5.6 million net adjustment for a full impairment charge related to a discontinued internally developed software, an increase in professional fees, and lower amounts of labor being capitalized on information technology infrastructure projects. SG&A expense as a percentage of service revenue increased 0.6% for the three months ended March 31, 2017, and was relatively flat for the nine months ended March 31, 2017.

Depreciation and Amortization

Depreciation and amortization expense is summarized as follows:

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Depreciation and amortization	$ 27.4	$ 24.3	12.8%	$ 78.5	$ 71.6	9.6%
% of service revenues	5.2%	4.6%		5.0%	4.6%	

Depreciation and amortization expense increased by 12.8% and 9.6% in the three and nine months ended March 31, 2017 respectively, compared to the same periods in Fiscal Year 2016 due primarily to amortization expense attributable to our acquisitions of TMAC in the third quarter of Fiscal Year 2017, ExecuPharm in the second quarter of Fiscal Year 2017 and our acquisition of Health Advances in the third quarter of Fiscal Year 2016.

Restructuring Charge

Restructuring charge is summarized as follows:

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Restructuring charge	$ 21.6	$ (1.8)	>(1,000)%	$ 21.9	$ 23.4	(6.4)%

On January 6, 2017, we approved a plan to restructure our operations to improve the productivity and efficiency of the company, simplify the organization, and streamline decision-making, thereby enhancing client engagement. In May 2017, the Company approved an expansion of the 2017 Restructuring Program. The restructuring initiatives are company-wide. These actions are expected to result in pre-tax charges in the range of $49.0 million to $63.0 million, all of which are anticipated to be cash expenditures. For the three and nine months ended March 31, 2017, we recorded a net $21.8 million restructuring charge which consisted entirely of employee separation benefits. We expect the remainder of the charges to be incurred by the end of the fiscal year ending June 30, 2018 (“Fiscal Year 2018”). The charges will include approximately $24 million to $32 million in employee separation costs and approximately $1 million to $3 million in other costs. We anticipate completing restructuring activities by the end of Fiscal Year 2018, and we expect the charges to result in annual pre-tax savings of approximately $7 million to $10 million over the course of Fiscal Year 2017 and approximately $30 million to $40 million on an annually when fully completed.

In June 2015, we adopted the MAP to restructure our operations to improve the productivity and efficiency of the Company simplify the organization, and streamline decision-making, thereby enhancing client engagement. For the three and nine months ended March 31, 2017 , we recorded a net benefit of $0.2 million and a net charge of $0.1 million, respectively, to the MAP, which consisted of changes in estimates on employee separation benefits and lease termination costs. For the three and nine months ended March 31, 2016, we recorded a net $1.8 million restructuring benefit and $23.4 million restructuring charge respectively, to the MAP. In the third quarter of 2016 this charge was composed of a benefit of $2.9 million for a reversal of employee separation benefits accruals and a charge of $1.1 million of lease termination related costs.

From the announcement of the program through March 31, 2017, we recorded a net $48.0 million restructuring charge related to the MAP, which consisted of $38.1 million of employee separation benefits and $9.9 million of lease termination related costs. The MAP is company wide. The activities under the MAP were substantially complete as of March 31, 2017.

Income from Operations

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Income from operations	$ 29.9	$ 69.7	(57.1)%	$ 143.2	$ 159.8	(10.4)%
Operating margin	5.6%	13.2%		9.2%	10.3%	

The decrease in income from operations and operating margin in the three months ended March 31, 2017 was primarily due to increased restructuring charges, direct costs, SG&A, depreciation, and amortization, partially offset by an increase in service revenue compared to the same period in Fiscal Year 2016. The decrease in both income from operations and in operating margin in the nine months ended March 31, 2017 was due primarily to an increase in direct costs, depreciation, amortization and SG&A, partially offset by higher service revenue, and a decrease in restructuring charges compared to the same period in Fiscal Year 2016.

Other Expense, net

Other expense, net is summarized as follows:

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Interest expense, net	$ (3.1)	$ (2.3)	34.8%	$ (8.5)	$ (6.0)	41.7%
Miscellaneous (expense) income	(2.2)	(0.3)	>1000%	(20.7)	1.4	>1000%
Other expense, net	$ (5.3)	$ (2.6)	103.8%	$ (29.2)	$ (4.6)	534.8%

Net interest expense increased in the three and nine months ended March 31, 2017 compared to the same periods in Fiscal Year 2016 as a result of higher debt balances.

The increases in miscellaneous expense in the three and nine months ended March 31, 2017 of $1.9 million and $22.1 million, respectively, were due primarily to a $0.4 million, and $20.7 million, respectively, reduction in fair value to our forward accelerated share repurchase contract, partially offset by foreign currency exchange gains.

Taxes

The following table presents the provision for income taxes and our effective tax rate for the three and nine months ended March 31, 2017 and 2016:

(dollar amounts in millions)	Three Months Ended			Nine Months Ended		
	March 31, 2017	March 31, 2016	Increase/(Decrease)%	March 31, 2017	March 31, 2016	Increase/(Decrease)%
Provision for income taxes	$ 6.8	$ 19.2	(64.6)%	$ 36.6	$ 43.0	(14.9)%
Effective tax rate	27.6%	28.6%		32.1%	27.7%	

The tax rates for the three and nine months ended March 31, 2017 and 2016 each benefited from a favorable distribution of taxable income among lower tax rate foreign jurisdictions and the United States. The tax rate for the nine months ended March 31, 2017 benefited 3.0% from the adoption of ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, as further described in Note 1 to our consolidated financial statements included in this quarterly report. The tax rates for the nine months ended March 31, 2017 increased by 4.9%, due to the non-deductibility of the realized loss on the fair value adjustment of $20.7 million in connection with the accelerated share repurchase program.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have financed our operations and growth with cash flow from operations, proceeds from the sale of equity securities, and credit facilities. Investing activities primarily reflect the costs of capital expenditures for property and equipment as well as the funding of business acquisitions and the purchases of marketable securities. As of March 31, 2017, we had cash and cash equivalents of approximately $284.3 million. The majority of our cash and cash equivalents is held in foreign countries because excess cash generated in the United States is primarily used to repay our debt obligations. As of March 31, 2017 we did not hold any marketable securities. Foreign cash balances include unremitted foreign earnings, which are invested indefinitely outside of the United States. Our cash and cash equivalents are held in deposit accounts, which provide us with immediate and unlimited access to the funds. Repatriation of funds to the United States from non-U.S. entities may be subject to taxation or certain legal restrictions. Nevertheless, most of our cash resides in countries with few or no such legal restrictions.

DAYS SALES OUTSTANDING

Our operating cash flow is heavily influenced by changes in the levels of billed and unbilled receivables and deferred revenue. These account balances as well as days sales outstanding ("DSO") in accounts receivable, net of deferred revenue, can vary based on contractual milestones and the timing and size of cash receipts. We calculate DSO by adding the end-of-period balances for billed and unbilled account receivables, net of deferred revenue (short-term and long-term) and the provision for losses on receivables, then dividing the resulting amount by the sum of total revenue plus investigator fees billed for the most recent quarter, and multiplying the resulting fraction by the number of days in the quarter. The following table presents the DSO, accounts receivable balances, and deferred revenue as of and for the three months ended March 31, 2017 and June 30, 2016:

(in millions)	March 31, 2017	June 30, 2016
Billed accounts receivable, net	$ 573.1	$ 506.1
Unbilled accounts receivable, net	276.6	327.9
Total accounts receivable, net	849.7	834.0
Deferred revenue	545.0	458.5
Net receivables	$ 304.7	$ 375.5
DSO (in days)	39	48

DSO for the three months ended March 31, 2017 declined by nine days compared with the three months ended June 30, 2016 due to favorable project positions increasing invoicing and collection activities within the period due to a new receivables factoring agreement with one of our largest customers.

CASH FLOWS

Sources and uses of cash flows are summarized as follows:

(dollar amounts in millions)	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016	Percentage Change
Net cash provided by operating activities	$ 261.5	$ 130.1	101.0 %
Net cash (used in) provided by investing activities	(241.3)	(144.1)	67.5 %
Net cash provided by (used in) financing activities	17.4	19.3	(9.8)%
Effect of exchange rate changes on cash	(1.9)	(3.0)	(36.7)%
Net increase (decrease) in cash and cash equivalents	$ 35.7	$ 2.3	1,452.2 %

Operating Activities

The cash flows provided by operating activities during the nine months ended March 31, 2017 primarily resulted from $77.4 million in net income and $115.5 million in depreciation, amortization, stock-based compensation expenses and an realized forward contract loss on accelerated share repurchase and changes in working capital of $66.9 million. The changes in working capital were driven by a $94.3 million cash inflow due to an increase in deferred revenue and other liabilities, a $36.9 million cash outflow due to a decrease in accrued expenses and other current liabilities, and an $10.1 million cash inflow due to decreases in billed and unbilled accounts receivable. The increase in deferred revenue was due to the timing of the achievement of billing milestones compared with the delivery of units for revenue recognition purposes. The decrease in accrued expenses and other current liabilities was primarily attributable to the payment of Fiscal Year 2016 variable compensation. The decreases in billed and unbilled accounts receivable are due to the timing of collections with large customers.

The cash flows provided by operating activities during the nine months ended March 31, 2016 primarily resulted from net income of $112.2 million, $86.8 million in depreciation, amortization and stock-based compensation expenses, and a decrease of $94.4 million in working capital.

Investing Activities

The net cash used in investing activities during the nine months ended March 31, 2017 was primarily driven by $184.8 million used for the acquisitions of ExecuPharm and TMAC and capital expenditures of $56.7 million. The capital expenditures in the current year are lower than the prior year due primarily to decreased costs for system upgrades and improvements to the information technology infrastructure.

The net cash used in investing activities during the nine months ended March 31, 2016, was primarily driven by capital expenditures of $76.8 million.

Financing Activities

During the nine months ended March 31, 2017, we received a net $202.5 million under the 2016 Credit Agreement (as defined below) and $19.0 million in proceeds related to employee stock purchases. This was partially offset by payments of $200.0 million as part of the accelerated share repurchase program.

During the nine months ended March 31, 2016, we received a net $213.6 million under the 2016 Credit Agreement (as defined below) and $16.6 million in proceeds related to employee stock purchases. This was partially offset by payments of $200.0 million as part of the accelerated share repurchase program.

CREDIT AGREEMENTS

2016 Credit Agreement

On March 11, 2016, PAREXEL, certain subsidiaries of PAREXEL, Bank of America, N.A. ("Bank of America"), as Administrative Agent, Swingline Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPFS"), HSBC Bank USA, National Association ("HSBC"), U.S. Bank, National Association ("US Bank"), TD Securities (USA) LLC ("TD Securities") and Wells Fargo Securities, LLC ("Wells Fargo Securities") as Joint Lead Arrangers and Joint Book Managers, HSBC, US Bank, TD Bank, N.A. ("TD Bank") and Wells Fargo Bank, National Association ("Wells Fargo Bank") as Joint Syndication Agents, and the other lenders party thereto entered into an amended and restated credit agreement (the "2016 Credit Agreement") providing for a five-year term loan and revolving credit facility in the principal amount of up to $750.0 million (collectively, the "Loan Amount"), plus additional amounts of up to $300.0 million of loans to be made available upon request of the Company subject to specified terms and conditions.

The 2016 Credit Agreement amends and restates the amended and restated credit agreement dated as of October 15, 2014, by and among the Company, certain subsidiaries of the Company, Bank of America, as Administrative Agent, Swingline Lender and L/C Issuer, MLPFS, J.P. Morgan Securities LLC, HSBC, and US Bank, as Joint Lead Arrangers and Joint Book Managers, JPMorgan Chase Bank N.A., HSBC and US Bank, as Joint Syndication Agents, and the other lenders party thereto (the "2014 Credit Agreement").

The 2016 Credit Agreement provides for a revolving credit facility in the principal amount of up to $350.0 million from time to time outstanding. A portion of the revolving credit facility is available for swingline loans of up to a sublimit of $100.0 million and for the issuance of standby letters of credit up to a sublimit of $10.0 million.

The 2016 Credit Agreement is intended to provide funds (i) for stock repurchases, (ii) for the issuance of letters of credit, and (iii) for other general corporate purposes of PAREXEL and its subsidiaries, including permitted acquisitions.

On the closing date of March 11, 2016, after giving effect to the amendment and restatement of the 2014 Credit Agreement and the effectiveness of the 2016 Credit Agreement, the Company was obligated under the 2016 Credit Agreement for term loans in the principal amount of $400.0 million and revolving loans in the principal amount of $65.0 million.

As of March 31, 2017, we had $210.0 million of principal borrowed under the revolving credit facility and $390.0 million of principal borrowed under the term loan. The outstanding amount is presented net of debt issuance costs of approximately $2.6 million in our consolidated balance sheet at March 31, 2017. As of March 31, 2017, we had borrowing availability of $140.0 million under the revolving credit facility.

PAREXEL's obligations under the 2016 Credit Agreement are guaranteed by certain material domestic subsidiaries of the Company, and the obligations, if any, of any foreign designated borrower are guaranteed by the Company and certain of its material domestic subsidiaries.

Borrowings (other than swingline loans) under the 2016 Credit Agreement bear interest, at PAREXEL's determination, at a rate based on either (a) LIBOR plus a margin (not to exceed a per annum rate of 2.0%) based on a ratio of consolidated net funded debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (the "Consolidated Net Leverage Ratio") or (b) the highest of (i) prime, (ii) the federal funds rate plus 50 basis points, and (iii) the one month LIBOR rate plus 100 basis points (such highest rate, the "Alternate Base Rate"), plus a margin (not to exceed a per annum rate of 1.0%) based on the Consolidated Net Leverage Ratio. Swingline loans in U.S. dollars bear interest calculated at the Alternate Base Rate plus a margin (not to exceed a per annum rate of 1.0%). Loans outstanding under the 2016 Credit Agreement may be prepaid at any time in whole or in part without premium or penalty, other than customary breakage costs, if any, subject to the terms and conditions contained in the 2016 Credit Agreement. The 2016 Credit Agreement terminates and any outstanding loans under it mature on March 11, 2021.

Repayment of the principal borrowed under the revolving credit facility (other than a swingline loan) is due on March 11, 2021. A swingline loan under the 2016 Credit Agreement generally must be paid ten (10) business days after the loan is made. Repayment of principal borrowed under the term loan facility is as follows, with the final payment of all amounts outstanding, plus accrued interest, being due on March 11, 2021:

- 0.63% by quarterly term loan amortization payments to be made commencing June 30, 2016 and made on or prior to March 31, 2017;
- 1.25% by quarterly term loan amortization payments to be made on or after June 30, 2017, but on or prior to March 31, 2019;
- 1.88% by quarterly term loan amortization payments to be made on or after June 30, 2019, but on or prior to March 31, 2020;
- 2.50% by quarterly term loan amortization payments to be made on or after June 30, 2020, but prior to March 11, 2021; and
- 72.50% (or if less, the remaining principal amount of the term loan) on March 11, 2021.

To the extent not previously paid, all borrowings under the 2016 Credit Agreement must be repaid on March 11, 2021.

Interest due under the revolving credit facility (other than a swingline loan) and the term loan facility must be paid quarterly for borrowings with an interest rate determined with reference to the Alternate Base Rate. Interest must be paid on the last day of the interest period selected by the Company for borrowings determined with reference to LIBOR, provided that for interest periods of longer than three months, interest is required to be paid every three months. Interest under US dollar swingline loans at the alternate base rate is payable quarterly.

The obligations of PAREXEL under the 2016 Credit Agreement may be accelerated upon the occurrence of an event of default under the 2016 Credit Agreement, which includes customary events of default, including payment defaults, defaults in the performance of affirmative and negative covenants, the inaccuracy of representations or warranties, bankruptcy- and insolvency-related defaults, cross defaults to material indebtedness, defaults relating to such matters as ERISA and judgments, and a change of control default.

The 2016 Credit Agreement contains negative covenants applicable to PAREXEL and its subsidiaries, including financial covenants requiring PAREXEL to comply with maximum net leverage ratios and minimum interest coverage ratios, as well as restrictions on liens, investments, indebtedness, fundamental changes, acquisitions, dispositions of property, making specified restricted payments (including cash dividends and stock repurchases that would result in the Company exceeding an agreed to Consolidated Net Leverage Ratio), transactions with affiliates, and other restrictive covenants. As of March 31, 2017, we were in compliance with all covenants under the 2016 Credit Agreement.

Under the terms of the 2016 Credit Agreement, neither we nor any of our subsidiaries may pay any dividend or make any other distribution with respect to any shares of capital stock except that (a) we and our subsidiaries may declare and pay dividends with respect to equity interests payable solely in additional shares of common stock, (b) our subsidiaries may declare and pay dividends and other distributions ratably with respect to their equity interests, (c) we may make payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Company and our subsidiaries, and (d) the Company and certain of its subsidiaries may make payments in connection with permitted repurchases of their respective capital stock.

In connection with the 2016 Credit Agreement, PAREXEL agreed to pay a commitment fee on the revolving loan commitment calculated as a percentage of the unused amount of the revolving loan commitment at a per annum rate of up to 0.250% (based on the Consolidated Net Leverage Ratio). To the extent there are letters of credit outstanding under the 2016 Credit Agreement, PAREXEL will pay letter of credit fees plus a fronting fee and additional charges. PAREXEL agreed to pay (i) Bank of America for its own account, an arrangement fee, (ii) each of the lenders on the closing date, an upfront fee, and (iii) to Bank of America for its own account, an annual agency fee.

In May 2013, we entered into an interest rate swap agreement and hedged an additional principal amount of $100.0 million under a prior credit agreement with a fixed interest rate of 0.73%. The interest rate swap agreement now hedges $100.0 million of principal under our 2016 Credit Agreement. These interest rate hedges were deemed to be fully effective in accordance with ASC 815 and, as such, unrealized gains and losses related to these derivatives are recorded as other comprehensive income in our consolidated balance sheets.

On October 1, 2015, we entered into a two year interest rate swap agreement effective September 30, 2016, which now hedges an additional principal amount of $100.0 million under the 2016 Credit Agreement with a fixed interest rate 1.104%.

2016 Term Loan Agreement

On February 10, 2016, PAREXEL entered into the Loan agreement with TD Bank, providing for a loan to the Company in the amount of $75.0 million (the “Loan”). The Loan would have matured on April 30, 2016 (the “Maturity Date”) unless earlier payment had been required under the terms of the Company loan agreement with TD Bank. The Loan bore interest, at PAREXEL’s determination, at a base rate plus a margin (such margin not to exceed a per annum rate of 1.750%) based on a ratio of consolidated funded debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for the prior four fiscal quarters (the “Leverage Ratio”), or at a LIBOR rate plus a margin (such margin not to exceed a per annum rate of 1.750%) based on the Leverage Ratio. The Loan could have been prepaid at any time in whole or in part without premium or penalty, other than customary breakage costs, if any, subject to the terms and conditions of the loan agreement.

The proceeds of the Loan were advanced to the Company on February 12, 2016 and were used to repay borrowings under the Company’s 2014 Facility.

The obligations of PAREXEL under the Loan could have been accelerated upon the occurrence of an event of default under the Loan, which included customary events of default, including payment defaults, the inaccuracy of representations, or warranties and cross defaults to the 2014 Facility.

As of March 31, 2017, all outstanding amounts under the Loan were fully repaid with the proceeds from the 2016 Credit Agreement.

Master Financing Agreement

On June 12, 2015, we entered into a three year, interest free Master Financing Agreement for $7.1 million with General Electric Capital Corporation, ("GECC"), in conjunction with a software term license purchase. On June 30, 2015 we received the gross proceeds of $7.1 million from GECC. Repayment of the principal borrowed under the Master Financing Agreement is due annually on July 1st as follows:

- $1.4 million made on or prior to July 1, 2015;
- $2.8 million made on or prior to July 1, 2016; and
- $2.9 million paid on or prior to July 1, 2017.

As of March 31, 2017, we had $2.9 million principal borrowed under the Master Financing Agreement.

2014 Credit Agreement

The 2014 Credit Agreement provided for a five-year term loan and revolving credit facility in the principal amount of up to $500.0 million (collectively, the "Loan Amount"), plus additional amounts of up to $300.0 million of loans to be made available upon request of the Company subject to specified terms and conditions. The loan facility available under the 2014 Credit Agreement consisted of a term loan facility and a revolving credit facility. The principal amount of up to $200.0 million of the Loan Amount was available through the term loan facility, and the principal amount of up to $300.0 million of the Loan Amount was available through the revolving credit facility. A portion of the revolving credit facility was available for swingline loans of up to a sublimit of $100.0 million and for the issuance of standby letters of credit of up to a sublimit of $10.0 million.

Our obligations under the 2014 Credit Agreement were guaranteed by certain of our material domestic subsidiaries, and the obligations, if any, of any foreign designated borrower were guaranteed by us and certain of our material domestic subsidiaries.

The 2014 Credit Agreement was superseded by the 2016 Credit Agreement, and as of March 31, 2017 all outstanding amounts under the 2014 Credit Agreement were fully repaid.

Note Purchase Agreement

On July 25, 2013, we issued $100.0 million principal amount of 3.11% senior notes due July 25, 2020 (the "Notes") for aggregate gross proceeds of $100.0 million in a private placement solely to accredited investors. The Notes were issued pursuant to a Note Purchase Agreement entered into by us with certain institutional investors on June 25, 2013 (the "Note Purchase Agreement"). Proceeds from the Notes were used to pay down $100.0 million of principal borrowed under the revolving credit facility of the 2013 Credit Agreement, as described below. We will pay interest on the outstanding balance of the Notes at a rate of 3.11% per annum, payable semi-annually on January 25 and July 25 of each year until the principal on the Notes shall have become due and payable. We may, at our option, upon notice and subject to the terms of the Note Purchase Agreement, prepay at any time all or part of the Notes in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding, plus a Make-Whole Amount (as defined in the Note Purchase Agreement). The Notes become due and payable on July 25, 2020, unless payment is required to be made earlier under the terms of the Note Purchase Agreement.

The Note Purchase Agreement includes operational and financial covenants, with which we are required to comply, including, among others, maintenance of certain financial ratios and restrictions on additional indebtedness, liens and dispositions. As of March 31, 2017, we were in compliance with all covenants under the Note Purchase Agreement.

In connection with the Note Purchase Agreement, certain of our subsidiaries entered into a Subsidiary Guaranty, pursuant to which such subsidiaries guaranteed our obligations under the Notes and the Note Purchase Agreement.

As of March 31, 2017, there was $100.0 million in aggregate principal amount outstanding under the Notes. The outstanding amounts are presented net of debt issuance cost of approximately $0.3 million in our consolidated balance sheets.

Receivable Purchase Agreement

On February 22, 2017, we entered into a receivables purchase agreement (the "Bank of America Receivable Agreement") with Bank of America, N.A. ("Bank"). Under the Bank of America Receivable Agreement, we sell to the Bank or other investors on an ongoing basis certain of our trade receivables, together with ancillary rights and the proceeds thereof, which arise under contracts with a client, or its subsidiaries or affiliates. The Bank of America Receivable Agreement includes customary representations and covenants on behalf of us, and may be terminated by either us or the Bank upon thirty business days' advance notice. The Bank of America Receivable Agreement provides a mechanism for accelerating the receipt of cash due on outstanding receivables. We account for the transfer of our receivables with respect to which we have satisfied the applicable revenue recognition criteria in accordance with ASC 860, *"Transfers and Servicing."* If we have not satisfied the applicable revenue recognition criteria for the underlying sales transaction, the transfer of the receivable is accounted for as a financing activity in accordance with ASC 470, *"Debt."* The accounts receivable and short-term debt balances are derecognized from our consolidated balance sheets at the earlier of the factored receivable's due date or when all of the revenue recognition criteria are met for those billed services. During the nine months ended March 31, 2017, we did not transfer any trade receivables. As of March 31, 2017 and June 30, 2016, no transfers were accounted for as a financing activity.

On February 19, 2013, we entered into a receivables purchase agreement (the "Receivable Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan"). Under the Receivable Agreement, we sell to JPMorgan or other investors on an ongoing basis certain of our trade receivables, together with ancillary rights and the proceeds thereof, which arise under contracts with a client, or its subsidiaries or affiliates. The Receivable Agreement includes customary representations and covenants on behalf of us, and may be terminated by either us or JPMorgan upon five business days' advance notice. The Receivable Agreement provides a mechanism for accelerating the receipt of cash due on outstanding receivables. We account for the transfer of our receivables with respect to which we have satisfied the applicable revenue recognition criteria in accordance with FASB ASC 860, "*Transfers and Servicing*." If we have not satisfied the applicable revenue recognition criteria for the underlying sales transaction, the transfer of the receivable is accounted for as a financing activity in accordance with FASB ASC 470, "*Debt*." The accounts receivable and short-term debt balances are derecognized from our consolidated balance sheets at the earlier of the factored receivable's due date or when all of the revenue recognition criteria are met for those billed services. During the nine months ended March 31, 2017, we transferred approximately $0.7 million of trade receivables. As of March 31, 2017, no transfers were accounted for as a financing activity.

Additional Lines of Credit

On December 23, 2016, we entered into an unsecured line of credit with HSBC Bank, USA in the amount of $100.0 million. The line bears interest, at our determination, at a base rate plus a margin (such margin not to exceed a per annum rate of 1.00%) based on a ratio of consolidated funded debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for the prior four fiscal quarters (the "Leverage Ratio"), or at a LIBOR rate plus a margin (such margin not to exceed a per annum rate of 2.00%) based on the Leverage Ratio. We entered into this line of credit to facilitate business transactions. As of March 31, 2017, we had $100.0 million available under this line of credit.

We have an unsecured line of credit with JP Morgan UK in the amount of $4.5 million that bears interest at an annual rate ranging from 2.00% to 4.00%. We entered into this line of credit to facilitate business transactions. As of March 31, 2017, we had $4.5 million available under this line of credit.

We have an unsecured uncommitted overdraft facility with ING Bank NV in the amount of 7.5 million Euros that bears interest at an annual rate ranging between 2.00% and 4.00%. We entered into this line of credit to facilitate business transactions. At March 31, 2017, we had 7.5 million Euros available for borrowing under this line of credit.

DEBT, COMMITMENTS, CONTINGENCIES AND GUARANTEES

As of March 31, 2017, our future minimum debt obligations related to the 2016 Credit Agreement and the Notes described above under "Credit Agreements" are as follows:

(in millions)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Thereafter	Total
Debt obligations (principal)	$ 5.0	$ 22.8	$ 22.5	$ 32.5	$ 620.0	$ —	$ 702.8

We have letter-of-credit agreements with banks totaling approximately $9.7 million guaranteeing performance under various operating leases and vendor agreements. Additionally, the borrowings under the 2016 Credit Agreement and the Notes are guaranteed by certain of our U.S. subsidiaries.

We periodically become involved in various claims and lawsuits that are incidental to our business. We are also regularly subject to, and are currently undergoing, audits by tax authorities in the United States and foreign jurisdictions for prior tax years relating to indirect taxes. Although we believe our accruals for non-income tax related tax exposures to be appropriately estimated, and we intend to defend our positions through litigation if necessary, the final outcome of tax audits and related litigation is inherently uncertain and could be materially different than that reflected in our accruals. Adverse outcomes of tax audits could also result in assessments of substantial additional taxes and/or fines or penalties relating to ongoing or future audits. For indirect tax-related matters we estimate our reasonably possible loss in excess of amounts accrued as probable and estimable to be up to approximately $6.5 million at March 31, 2017.

The above table does not include asset retirement obligations due to the uncertainty of the timing of the future cash outflows related to the restoration costs associated with returning certain facilities to their original condition upon termination of our long-term leases. As of March 31, 2017, the obligation expected to be incurred was $14.5 million.

The above table does not include contingent consideration due to the uncertainty regarding the amounts and timing of the future cash outflows related to the potential payments. As of March 31, 2017, we recorded contingent consideration liabilities of $15.9 million. See Note 12 to our consolidated financial statements included in this quarterly report for more information.

We believe, after consultation with counsel or other experts, that no matters currently pending would, in the event of an adverse outcome, either individually or in the aggregate, have a material impact on our consolidated financial position, results of operations, or liquidity.

FINANCING NEEDS

Our primary cash needs are for operating expenses (such as salaries and fringe benefits, hiring and recruiting, business development and facilities), business acquisitions, capital expenditures, and repayment of principal and interest on our borrowings.

2016 Credit Agreement and Note Purchase Agreement

Our requirements for cash to pay principal and interest on our borrowings will increase significantly in future periods based on amounts borrowed under our 2016 Credit Agreement and the Notes. Our primary committed external source of funds is the 2016 Credit Agreement. Our principal source of cash is from the performance of services under contracts with our clients. If we are unable to generate new contracts with existing and new clients or if the level of contract cancellations increases, our revenue and cash flow would be adversely affected (see Part II, Item 1A "Risk Factors" for further detail on these risks). Absent a material adverse change in the level of our new business bookings or contract cancellations, we believe that our existing capital resources together with cash flow from operations and borrowing capacity under existing credit facilities will be sufficient to meet our foreseeable cash needs over the next twelve months and on a longer term basis. Depending upon our revenue and cash flow from operations, it is possible that we will require external funds to repay amounts outstanding under our 2016 Credit Agreement upon its maturity in 2021.

We expect to continue to acquire businesses that enhance our service and product offerings, expand our therapeutic expertise, and/or increase our global presence. Depending on their size, any future acquisitions may require additional external financing, and we may from time to time seek to obtain funds from public or private issuances of equity or debt securities. We may be unable to secure such financing at all or on terms acceptable to us, as a result of our outstanding borrowings, including our outstanding borrowings under the 2016 Credit Agreement.

Under the terms of the 2016 Credit Agreement, interest rates are fixed based on market indices at the time of borrowing and, depending upon the interest mechanism selected by us, may float thereafter. As a result, the amount of interest payable by us on our borrowings may increase if market interest rates change. However, we expect to mitigate the risk of increasing market interest rates with our hedging programs described below under Part I, Item 3 "Quantitative and Qualitative Disclosures About Market Risk - Foreign Currency Exchange Rates and Interest Rates."

Share Repurchases

On October 26, 2016, we announced that our Board of Directors approved an accelerated share repurchase program (the "2017 Program") authorizing the repurchase of up to $200.0 million of our common stock to be financed with cash on hand, cash generated from operations, existing credit facilities, or new financing. On November 21, 2016, we entered into an agreement (the "2017 Agreement") to purchase shares of our common stock from HSBC, National Association ("HSBC"), for an aggregate purchase price of $200.0 million pursuant to an accelerated share purchase program. Pursuant to the 2017 Agreement, in November 2016, we paid $200.0 million to HSBC and received from HSBC 2.8 million shares of our common stock, representing 80% of the shares to be repurchased by us under the 2017 Agreement. The shares were repurchased at a price of $57.51 per share, which was the closing price of our common stock on the Nasdaq Global Select Market on November 21, 2016. These shares were canceled and restored to the status of authorized and unissued shares. As of March 31, 2017, we recorded the $160.0 million payment, which represents 80% of the shares we repurchased, as a decrease to equity in our consolidated balance sheet, consisting of decreases in common stock and additional paid-in capital. As additional paid-in capital was reduced to zero, the remainder was applied as a reduction in retained earnings. The remaining $40.0 million, which is an advanced payment accounted for as a forward accelerated share repurchase contract, was recorded as within other current assets within the condensed consolidated balance sheet. During the three months ended March 31, 2017, the fair value of the forward accelerated share repurchase contract in the amount of $19.7 million decreased by $0.4 million.

On March 20, 2017, we received 0.3 million shares representing the final settlement of the 2017 Agreement and the 2017 Program was completed. Pursuant to the 2017 Program, we repurchased 3.1 million shares of our common stock at an average price of $64.04 per share from November 2016 to March 2017.

On September 14, 2015, we announced that our Board of Directors approved an accelerated share repurchase program (the "2016 Program") authorizing the repurchase of up to $200.0 million of our common stock to be financed with cash on hand, cash generated from operations, existing credit facilities, or new financing. On September 15, 2015, we entered into an agreement (the "2016 Agreement") to purchase shares of our common stock from Wells Fargo Bank, National Association ("WF"), for an aggregate purchase price of $200.0 million pursuant to an accelerated share purchase program. Pursuant to the 2016 Agreement, in September 2015, we paid $200.0 million to WF and received from WF 2.3 million shares of our common stock, representing 80% of the shares to be repurchased by us under the 2016 Agreement. The shares were repurchased at a price of $70.35 per share, which was the closing price of our common stock on the Nasdaq Global Select Market on September 16, 2015. These shares were canceled and restored to the status of authorized and unissued shares. As of December 31, 2016, we recorded the $200.0 million payment to WF as a decrease to equity in our consolidated balance sheet, consisting of decreases in common stock and additional paid-in capital. As additional paid-in capital was reduced to zero, the remainder was applied as a reduction in retained earnings.

On February 10, 2016 we received 0.9 million shares, representing the final settlement of the 2016 Agreement, and the 2016 Program was completed. Pursuant to the 2016 Program, we repurchased 3.2 million shares of our common stock at an average price of $62.92 per share from September 2015 to February 2016.

OFF-BALANCE SHEET ARRANGEMENTS

We have no material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

INFLATION

We believe the effects of inflation generally do not have a material adverse impact on our operations or financial condition.

RECENTLY IMPLEMENTED AND ISSUED ACCOUNTING STANDARDS

See Note 1 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on recently implemented and issued accounting standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates, and other relevant market rates or price changes. In the ordinary course of business, we are exposed to market risk resulting from changes in foreign currency exchange rates and interest rates, and we regularly evaluate our exposure to such changes. Our overall risk management strategy seeks to balance the magnitude of the exposure and the costs and availability of appropriate financial instruments.

FOREIGN CURRENCY EXCHANGE RATES AND INTEREST RATES

For the nine months ended March 31, 2017 and 2016, we derived approximately 56.0% and 55.1% of our consolidated service revenue, respectively, from operations outside of the United States. In addition, for the nine months ended March 31, 2017 and 2016, our Euro denominated service revenue accounted for 10.7% and 9.6% of our consolidated service revenue, respectively. We have no significant operations in countries in which the economy is considered to be highly inflationary. Our financial statements are denominated in U.S. dollars. Accordingly, changes in exchange rates between foreign currencies and the U.S. dollar will affect the translation of financial results into U.S. dollars for purposes of reporting our consolidated financial results.

It is our policy to mitigate the risks associated with fluctuations in foreign exchange rates and in market rates of interest. Accordingly, we have instituted foreign currency hedging programs and an interest rate swap program. See Note 11 to our consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on our hedging programs and interest rate swap program.

As of March 31, 2017, the programs with derivatives designated as hedging instruments under ASC 815, *Derivatives and Hedging,* were deemed effective and the notional values of the derivatives were approximately $356.0 million, including two interest rate swaps agreements with a total notional value of $200.0 million. Under certain circumstances, such as the occurrence of significant differences between actual cash receipts and forecasted cash receipts, the hedge programs could be deemed ineffective. In such an event, the unrealized gains and losses related to these derivatives, which are currently reported in accumulated other comprehensive income in our consolidated balance sheets, would be recognized in earnings. As of March 31, 2017, the estimated amount that could be recognized in earnings was a loss of approximately $1.1 million, net of tax.

As of March 31, 2017, the notional value of foreign exchange contract derivatives that were not designated as hedging instruments under ASC 815 was approximately $212.2 million. These instruments are marked to market with changes in fair value recorded in income statements. See Note 11 to our consolidated financial statements in this Quarterly Report on Form 10-Q for more information.

During the nine months ended March 31, 2017 and 2016, we recorded net foreign currency exchange losses of $1.3 million and gains of $1.3 million, respectively.

Our exposure to changes in interest rates relates primarily to the amount of our long-term debt. The current portion of our long-term debt was $22.8 million as of March 31, 2017 and $16.6 million as of June 30, 2016. Long-term debt was $680.0 million as of March 31, 2017 and $484.8 million as of June 30, 2016. As of March 31, 2017, $100.0 million in aggregate principal amount outstanding under the Notes carried a fixed interest rate of 3.11%. As of March 31, 2017, $200.0 million of borrowings under our 2016 Credit Agreement were hedged under two interest rate swap agreement. Based on average total debt for the nine months ended March 31, 2017, an increase in the average interest rate of 100 basis points would reduce our pre-tax earnings and cash flows by approximately $3.7 million on an annual basis.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our chief executive officer and interim chief financial officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2017. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon that evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that, as a result of the material weaknesses in our internal control related to revenue recognition in our CRS reporting segment and approval of invoices for payment and validation of vendors previously disclosed in our Annual Report on Form 10-K for the year ended June 30, 2016, and as described below, our disclosure controls and procedures were not effective as of March 31, 2017.

PREVIOUSLY REPORTED MATERIAL WEAKNESSES & REMEDIATION PROGRESS

The material weakness in our in our internal control over financial reporting related to complex treasury transactions as reported in Item 4 of our Quarterly Report on Form 10-Q for the period ended December 31, 2016 is remediated as of March 31, 2017. Management implemented review controls to timely identify complex treasury related agreements and formalized review protocols and timelines including the use of outside specialists to review such agreements.

As reported in Item 9A of our Annual Report on Form 10-K for the year ended June 30, 2016, our management concluded that our internal control over financial reporting was not effective as of that date because of material weaknesses in our internal control over financial reporting for revenue recognition in our CRS reporting segment and approval of invoices for payment and validation of vendors for a specific class of vendors within the expenditure process.

MANAGEMENT'S PLAN FOR REMEDIATION

Management is in the process of executing a remediation plan intended to address the control deficiencies which resulted in the material weaknesses described above, which are not yet remediated. The revenue recognition remediation efforts are underway, which include the following: 1) enhanced contract amendment reviews and project revenue analytics; 2) increased revenue recognition training and communication of policies and procedures for finance and non-finance personnel; and 3) enhanced unit audit and reconciliation reviews for revenue at the project level. The vendor payment remediation efforts have largely been completed by verifying authenticity of the majority of this specific class of vendors and implementation of new invoice review guidelines.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Other than the identification of the material weaknesses and remediation efforts described above, there were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We periodically become involved in various claims and lawsuits that are incidental to our business. We believe, after consultation with counsel, that no matters currently pending would, in the event of an adverse outcome, have a material impact on our consolidated financial statements.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for Fiscal Year 2016 filed with the SEC on September 9, 2016, which could materially affect our business, financial condition, and future operating results. The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and operating results. There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for Fiscal Year 2016 other than the risk factors below:

We face risks arising from the restructuring of our operations.

In June 2015, we adopted a plan (the "Margin Acceleration Program") to restructure our operations to improve the productivity and efficiency of the Company, simplify the organization, and streamline decision-making, thereby enhancing client engagement. For Fiscal Years 2016 and 2015, we recorded $27.8 million and $20.0 million, respectively, in restructuring charges related to the Margin Acceleration Program, which consisted of employee separation benefits and facility exit costs. On January 6, 2017, we approved a plan to restructure our operations to improve the productivity and efficiency of the company, simplify the organization, and streamline decision-making, thereby enhancing client engagement. On May 3, 2017, the Company approved an expansion of the 2017 Restructuring Program. The restructuring initiatives are company-wide. These actions are expected to result in pre-tax charges in the range of $49.0 million to $63.0 million, all of which are anticipated to be cash expenditures. If we incur additional restructuring charges, our financial condition and results of operations may be adversely impacted.

Restructuring presents significant potential risks of events occurring that could adversely affect us, including a decrease in employee morale, the failure to achieve targeted cost savings and the failure to meet operational targets and customer requirements due to the loss of employees and any work stoppages that might occur.

Failure to achieve and maintain effective internal control in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, and delays in completing our internal control audit and financial audit, could have a material adverse effect on our business and stock price.

As described in Item 9A, management assessments have identified material weaknesses in our internal control over financial reporting due to ineffective controls associated with revenue recognition in our CRS reporting segment and our approval of invoices and validation of vendors regarding a specific class of vendors. We are in the process of implementing remedial actions to resolve these material weaknesses, but we have not yet completed remediation. During the course of our testing, we may identify other significant deficiencies or material weaknesses, in addition to the ones already identified, which we may not be able to remediate in a timely manner. If we continue to have one or more material weaknesses in our internal control over financial reporting, we will not be able to conclude that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Failure to achieve and maintain an effective internal control environment, or delays in completing our internal control audit and financial audit, could cause investors to lose confidence in our reported financial information, which could result in a decline in the market price of our common stock, and cause us to fail to meet our reporting obligations in the future, which in turn could impact our ability to raise equity financing if needed in the future. While we believe our reported revenue is accurate, until these deficiencies are substantially remediated, it is possible that internal control over financial reporting may not prevent or detect material errors in revenue reflected in our financial statements.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about repurchases of our equity securities during the three months ended March 31, 2017:

Period	(a) Total Number of Share (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(1)
January 1, 2017 - January 31, 2017	—	$ —	—	$—
February 1, 2017 - February 28, 2017	340,884	$ 64.04	340,884	$—
March 1, 2017 - March 31, 2017	—	$ —	—	$—
Total	340,884		340,884	

[1] On October 26, 2016, we announced that our Board of Directors approved the 2017 Program authorizing the repurchase of up to $200.0 million of our common stock to be financed with cash on hand, cash generated from operations, existing credit facilities, or new financing. On November 21, 2016, we entered into the 2017 Agreement to purchase shares of our common stock from HSBC, for an aggregate purchase price of $200.0 million pursuant to an accelerated share purchase program. Pursuant to the 2017 Agreement, in November 2016, we paid $200.0 million to HSBC and received from HSBC 2.8 million shares of our common stock, representing 80% of the estimated shares to be repurchased by us under the 2017 Agreement. The shares were repurchased at a price of $57.51 per share, which was the closing price of our common stock on the Nasdaq Global Select Market on November 21, 2016. These shares were canceled and restored to the status of authorized and unissued shares. During the three months ended March 31, 2017 the fair value of the forward accelerated share repurchase contract in the amount of $19.7 million decreased by $0.4 million. On March 20, 2017 we received $0.3 million shares representing the final settlement of the 2017 Agreement and the 2017 Program was completed. Pursuant to the 2017 Program, we repurchased 3.1 million shares of our common stock at an average price of $64.04 per share from November 2016 to February 2017.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this Quarterly Report on Form 10-Q, which Exhibit Index is incorporated by this reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	PAREXEL International Corporation
Date: May 8, 2017	By: /s/ Josef H. von Rickenbach
	Josef H. von Rickenbach Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date: May 8, 2017	By: /s/ Emma Reeve
	Emma Reeve Corporate Vice President and Interim Chief Financial Officer (Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Description
10.1	Supplier Receivables Purchase Agreement, dated as of February 22, 2017, by and between the Company and Bank of America, N.A. (filed as exhibit 10.1 to the Company's Current Report on Form 8-K dated February 22, 2017 and incorporated herein by this reference).
*10.2	Offer Letter, dated February 22, 2017, between the Company and Simon Harford (filed as exhibit 10.1 to the Company's Current Report on Form 8-K dated February 25, 2017 and incorporated herein by this reference).
*10.3	Change of Control/Severance Agreement, dated as of February 25, 2017, by and between the Company and Simon Harford (filed as exhibit 10.2 to the Company's Current Report on Form 8-K dated February 25, 2017 and incorporated herein by this reference).
10.4	Amendment, effective February 27, 2017, to Letter Agreement Regarding Accelerated Share Repurchase Program by and between the Company and HSBC Bank USA, National Association, dated November 21, 2016 (filed as exhibit 10.1 to the Company's Current Report on Form 8-K dated February 27, 2017 and incorporated herein by this reference).
10.5	First Amendment to Third Amended and Restated Credit Agreement, dated as of February 24, 2017, among PAREXEL INTERNATIONAL CORPORATION, certain subsidiaries of PAREXEL party thereto from time to time as Designated Borrowers, certain subsidiaries of PAREXEL party thereto from time to time as Subsidiary Guarantors, the Lenders party thereto from time to time, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. eference).
31.1	Principal executive officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Principal financial officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Principal executive officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Principal financial officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

*Denotes management contract or any compensatory plan, contract or arrangement.

FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This **FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT** , dated as of February 24, 2017 (this "Amendment"), modifies that certain Third Amended and Restated Credit Agreement, dated as of March 11, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among **PAREXEL INTERNATIONAL CORPORATION** , a Massachusetts corporation (the "Company"), certain Subsidiaries of the Company party thereto from time to time as Designated Borrowers, certain Subsidiaries of the Company party thereto from time to time as Subsidiary Guarantors, the Lenders party thereto from time to time, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the Credit Agreement.

RECITALS

WHEREAS, the Borrowers have requested that the Administrative Agent and the Lenders agree to amend certain of the terms and provisions of the Credit Agreement, as specifically set forth in this Amendment; and

WHEREAS, the undersigned Lenders and the Administrative Agent are prepared to amend the Credit Agreement on the terms, subject to the conditions and in reliance on the representations set forth herein.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto hereby agree as follows:

Section 1. Amendments to Credit Agreement.

(a) Section 1.01 (Defined Terms) of the Credit Agreement is hereby amended by inserting the following new definition in the appropriate alphabetical order:

"First Amendment Effective Date" means February 24, 2017.

(b) The definition of "Consolidated EBITDA" contained in Section 1.01 (Defined Terms) of the Credit Agreement is hereby amended by:

(i)Deleting the word "and" appearing before clause (e) of the first paragraph of such definition; and

(ii)Deleting the period (".") at the end of clause (e) of the first paragraph of such definition and inserting in lieu thereof the following text:

", and (f) extraordinary, non-recurring, non-cash charges (in an aggregate amount not exceed $20,300,000 and which do not represent a cash item in such period or any future period) incurred by the Company during the fiscal quarter of the Company ended December 31, 2016 in connection with certain share repurchases, pursuant to that certain letter agreement (including annexes thereto) entered into as of November 22, 2016 by and between the Company and HSBC Bank USA, National Association (hereinafter, the "November ASR"), of the Company's common Equity Interests for an aggregate purchase price of $200,000,000, provided that (i) the add-back under this clause (f) attributable to the quarter ended December 31, 2016, for purposes of calculating Consolidated EBITDA as of the last day of each of the rolling four quarters ended December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017, shall be made on a pro forma basis after giving effect to the net effect of any reversals, non-cash gains and non-cash losses with respect to the November ASR made under GAAP as of the end of such rolling four quarter period, and (ii) for the avoidance of doubt (x) the provisions of 2.10(b) shall not be construed to require any retroactive obligation to pay additional interest or fees for prior periods due to the pro forma calculation of the add-back under this clause (f) for the quarter ended December 31, 2016 for purposes of calculating Consolidated EBITDA and (y) no add-back shall be permitted pursuant to this clause (f) for any measurement period ended on or after December 31, 2017."

(c) The definition of "Swap Contract" contained in Section 1.01 (Defined Terms) of the Credit Agreement is hereby amended by (i) inserting the text "accelerated share repurchase transaction, accelerated share buyback transaction," immediately following the text "currency options, spot contracts," appearing in clause (a) of such definition and (ii) deleting the words "Swap Agreement" appearing in the proviso to such definition and inserting in lieu thereof the words "Swap Contract".

(d) Section 6.02 (Certificates; Other Information) of the Credit Agreement is hereby amended by inserting the words "and on the First Amendment Effective Date," following the text "March 31, 2016," in clause (a) of such Section.

(e) Section 7.05 (Swap Contracts) of the Credit Agreement is hereby amended by restating such Section in its entirety as follows:

> "**7.05. Swap Contracts**. Enter into any Swap Contract, except (a) Swap Contracts entered into to hedge or mitigate risks to which the Company or any Subsidiary has actual exposure (other than those in respect of Equity Interests of the Company or any of its Subsidiaries), (b) Swap Contracts entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Company or any Subsidiary, and (c) Swap Contracts consisting of accelerated share repurchase transactions, accelerated share buyback transactions and other similar arrangements, in each case, in connection with Permitted Stock Repurchases permitted under Section 7.06(d)."

Section 2. Condition Precedent. This Amendment shall become effective as of the date first written above (the "Effective Date") upon the satisfaction of the following conditions precedent:

(a) Documentation. Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, a fully-executed Amendment by the Borrowers, the Subsidiary Guarantors, the Administrative Agent and the Lenders.

(b) No Default. On the Effective Date and after giving effect to this Amendment, no event shall have occurred and be continuing that would constitute a Default or an Event of Default.

Section 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders that, as of the date hereof and immediately after giving effect to this Amendment, (a) all representations and warranties of the Borrowers and each other Loan Party contained in the Credit Agreement, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that the representations and warranties contained in Sections 5.04(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b) of the Credit Agreement, respectively, (b) no Default or Event of Default has occurred and is continuing, and (c) the Credit Agreement (as amended by this Amendment) and all other Loan Documents are and remain legally valid, binding obligations of the Loan Parties party thereto, enforceable against each such Loan Party in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at Law.

Section 4. Survival of Representations and Warranties. All representations and warranties made in this Amendment or in any other Loan Document shall survive the execution and delivery of this Amendment, and no investigation by the Administrative Agent or the Lenders shall affect the representations and warranties or the right of the Administrative Agent and the Lenders to rely upon them.

Section 5. Amendment as Loan Document. This Amendment constitutes a "Loan Document" under the Credit Agreement.

Section 6. Costs and Expenses. The Borrowers shall pay on demand all reasonable out-of-pocket expenses incurred by the Administrative Agent (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent) incurred in connection with the preparation, negotiation, execution and delivery of this Amendment.

Section 7. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE THAT WOULD CAUSE THE APPLICATION OF THE DOMESTIC SUBSTANTIVE LAWS OF ANY OTHER STATE).

Section 8. Execution. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier (or electronic mail (including in PDF format)) shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 9. Limited Effect. This Amendment relates only to the specific matters expressly covered herein, shall not be considered to be an amendment or waiver of any rights or remedies that the Administrative Agent or any Lender may have under the Credit Agreement, under any other Loan Document (except as expressly set forth herein) or under Law, and shall not be considered to create a course of dealing or to otherwise obligate in any respect the Administrative Agent or any Lender to execute similar or other amendments or waivers or grant any amendments or waivers under the same or similar or other circumstances in the future.

Section 10. Ratification by Subsidiary Guarantors. Each of the Subsidiary Guarantors acknowledges that its consent to this Amendment is not required, but each of the undersigned nevertheless does hereby agree and consent to this Amendment and to the documents and agreements referred to herein. Each of the Subsidiary Guarantors agrees and acknowledges that (i) notwithstanding the effectiveness of this Amendment, such Subsidiary Guarantor's Subsidiary Guaranty shall remain in full force and effect without modification thereto and (ii) nothing herein shall in any way limit any of the terms or provisions of such Subsidiary Guarantor's Subsidiary Guaranty or any other Loan Document executed by such Subsidiary Guarantor (as the same may be amended from time to time), all of which are hereby ratified, confirmed and affirmed in all respects. Each of the Subsidiary Guarantors hereby agrees and acknowledges that no other agreement, instrument, consent or document shall be required to give effect to this Section 10. Each of the Subsidiary Guarantors hereby further acknowledges that Borrowers, the Administrative Agent and any Lender may from time to time enter into any further amendments, modifications, terminations and/or amendments of any provisions of the Loan Documents without notice to or consent from such Subsidiary Guarantor and without affecting the validity or enforceability of such Subsidiary Guarantor's Subsidiary Guaranty or giving rise to any reduction, limitation, impairment, discharge or termination of such Subsidiary Guarantor's Subsidiary Guaranty.

[Remainder of page intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date first above written.

BORROWERS:

PAREXEL INTERNATIONAL CORPORATION

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: Chairman of the Board and Chief Executive Officer

PAREXEL INTERNATIONAL HOLDING B.V.

By: /s/ Peter Rietman
Name: Peter Rietman
Title: Managing Director

PAREXEL INTERNATIONAL (IRL) LIMITED

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: Director

SUBSIDIARY GUARANTORS:

PAREXEL INTERNATIONAL, LLC

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: President

PERCEPTIVE INFORMATICS, INC

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: Chief Executive Officer

DATALABS INC.

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: Chief Executive Officer & President

CLINPHONE CALIFORNIA INC.

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: Chief Executive Officer & President

PERCEPTIVE SERVICES, INC.

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: Chief Executive Officer & President

LIQUENT, INC.

By: /s/ Josef H. von Rickenbach
Name: Josef H. von Rickenbach
Title: Chief Executive Officer & President

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Angela Larkin
Name: Angela Larkin
Title: Assistant Vice President

BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Linda Alto
Name: Linda Alto
Title: SVP

HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender

By: /s/ Elise M. Russo
Name: Elise M. Russo
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Jennifer Hwang
Name: Jennifer Hwang
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Christine Gardiner
Name: Christine Gardiner
Title: Vice President

TD BANK, N.A., as a Lender

By: /s/ Alan Garson
Name: Alan Garson
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: Executive Director

CITIZENS BANK, N.A.,
as a Lender

By: /s/ Prasanna Manyem
Name: Prasanna Manyem
Title: Vice President

ING BANK N.V., DUBLIN BRANCH,
as a Lender

By: /s/ Shaun Hawley /s/ Cormac Langford
Name: Shaun Hawley Cormac Langford
Title: Director Vice President

PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Robert Hazard
Name: Robert Hazard
Title: Senior Vice President

Exhibit 31.1

CERTIFICATION

I, Josef H. von Rickenbach, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PAREXEL International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

By: /s/ Josef H. von Rickenbach

Josef H. von Rickenbach
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Emma Reeve, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PAREXEL International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

By: /s/ Emma Reeve

Emma Reeve
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PAREXEL International Corporation (the "Company") for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Josef H. von Rickenbach, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2017

By: /s/ Josef H. von Rickenbach

Josef H. von Rickenbach
Chairman of the Board and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to PAREXEL International Corporation and will be retained by PAREXEL International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PAREXEL International Corporation (the "Company") for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Emma Reeve, Interim Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2017

By: /s/ Emma Reeve

Emma Reeve
Corporate Vice President and Interim Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to PAREXEL International Corporation and will be retained by PAREXEL International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.