Performant Financial Corp
Form 424B5
January 29, 2015

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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. A registration statement relating to the notes has become effective under the Securities Act of 1933, as amended. This preliminary prospectus supplement is not an offer to sell the notes and it is not soliciting an offer to buy the notes in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated January 28, 2015

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated January 8, 2015)

$

Performant Financial Corporation

% Convertible Senior Notes due 2020

We are offering $ million aggregate principal amount of our % Convertible Senior Notes due 2020. The notes will bear interest at a rate of % per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2015. The notes will mature on February 15, 2020.

Holders may convert their notes at their option at any time prior to 5:00 p.m., New York City time, on the business day immediately preceding August 15, 2019 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on March 31, 2015 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price (as defined below) per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. On or after August 15, 2019 until 5:00 p.m., New York City time, on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described in this prospectus supplement.

The conversion rate will initially be shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $ per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances.

We may not redeem the notes prior to the maturity date, and no sinking fund is provided for the notes.

If we undergo a fundamental change, holders may require us to repurchase for cash all or part of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The notes will be our senior unsecured obligations and will rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our current or future subsidiaries.

Concurrently with this offering, we are offering up to shares of our common stock (or up to shares if the underwriters in the concurrent offering exercise their option to purchase additional shares in full) pursuant to a separate prospectus supplement and accompanying prospectus. This prospectus supplement does not constitute an offer of shares of our common stock. The offering of the notes pursuant to this prospectus supplement and the accompanying prospectus is contingent upon the closing of the concurrent common stock offering and the concurrent common stock offering is contingent upon the closing of the offering of the notes hereunder.

We do not intend to apply to list the notes on any securities exchange or any automated dealer quotation system. Our common stock is listed on The NASDAQ Global Select Market under the symbol "PFMT." The last reported sale price of our common stock on The NASDAQ Global Select Market on January 27, 2015 was $5.90 per share.

Investing in the notes involves a high degree of risk. See "Risk Factors" beginning on page S-26 of this prospectus supplement.

	Per Note	***Total***
Public offering price[1]	*$*	*$*
Underwriting discounts and commissions[2]	*$*	*$*
Proceeds, before expenses, to us	*$*	*$*

(1) *Plus accrued interest from February , 2015 if settlement occurs after that date.*

(2) *We have agreed to reimburse the underwriters for certain FINRA-related expenses. See Underwriting beginning on page S-122 of this prospectus supplement.*

We have granted the underwriters the right to purchase, exercisable within a 30-day period, up to an additional $ million aggregate principal amount of notes, solely to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes to investors in book-entry form through The Depository Trust Company on or about February , 2015.

Joint Book-Running Managers

Morgan Stanley *SunTrust Robinson Humphrey*

January , 2015

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. If there is a conflict between the information contained in this prospectus supplement and the accompanying prospectus, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference, on the other hand, the information in this prospectus supplement shall control.

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement or the date of the accompanying prospectus, and the information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date of those respective documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our convertible senior notes. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should read both this prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus and the additional information described under "Where You Can Find More Information" in this prospectus supplement and in the accompanying prospectus, before investing in our convertible senior notes.

References in this prospectus supplement and the accompanying prospectus to the terms "we," "us," "our," "the Company" or "Performant" or other similar terms mean Performant Financial Corporation and its consolidated subsidiaries prior to the proposed acquisition of Premier Healthcare Exchange, Inc. (as described below), unless we state otherwise or the context indicates otherwise. Unless we state otherwise or the context indicates otherwise, the term "PHX" refers to Premier Healthcare Exchange, Inc. and its consolidated subsidiaries, after giving pro forma effect to the spin-off of PHX's wholly owned subsidiary, Pay-Plus Solutions, Inc., or Pay-Plus. The phrase "PHX acquisition" refers to the merger of one of our wholly owned indirect subsidiaries with and into Premier Healthcare Exchange, Inc. with PHX continuing as the surviving corporation and a wholly owned indirect subsidiary of ours. Pro forma PHX financial data presented in this prospectus supplement is the financial data of Premier Healthcare Exchange, Inc. and its consolidated subsidiaries, after giving pro forma effect to the spin-off of Pay-Plus. Pro forma PHX financial information for the periods presented has been calculated by adjusting the consolidated financial statements of PHX to give effect to the spin-off of Pay-Plus.

This prospectus supplement and the accompanying prospectus, including the information incorporated by reference into this prospectus supplement and the accompanying prospectus, and any free writing prospectuses we have authorized for use in connection with this offering include trademarks, service marks and trade names owned by us or others. Performant Financial Corporation, Performant, and our logo referenced in this prospectus supplement and the accompanying prospectus are our trademarks or service marks or registered trademarks or service marks. All other trademarks, trade names and service marks appearing in this prospectus supplement and the accompanying prospectus are the property of their respective owners.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents we have filed with the Securities and Exchange Commission, or SEC, that are incorporated herein by reference include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this prospectus supplement, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "design," "intend," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Risk Factors." In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus supplement may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our preliminary estimates of our financial results for the three months ended December 31, 2014;
- our opportunities and expectations for growth in the student lending, healthcare and other markets;
- our proposed acquisition of PHX and our ability to achieve fully the strategic and financial objectives related to the proposed acquisition of PHX, including the acquisition's impact on our financial condition and results of operations;
- unexpected costs or liabilities that may arise from the acquisition, ownership or operation of PHX;
- anticipated trends and challenges in our business and competition in the markets in which we operate;
- our client relationships and future growth opportunities;
- the adaptability of our technology platform to new markets and processes;
- our ability to invest in and utilize our data and analytics capabilities to expand our capabilities;
- our belief that we benefit from a significant degree of revenue visibility;
- our growth strategy of expanding in our existing markets and considering strategic alliances or acquisitions;
- our ability to meet our liquidity and working capital needs;
- maintaining, protecting and enhancing our intellectual property;
- our expectations regarding future expenses;

- expected future financial performance; and

- our ability to comply with and adapt to industry regulations and compliance demands.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We disclaim any duty to update any of these forward-looking statements after the date of this prospectus supplement and the accompanying prospectus to conform these statements to actual results or revised expectations.

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This prospectus supplement and the accompanying prospectus also contain statistical data and estimates, including those relating to market size and growth rates of the markets in which we participate, that we obtained from government and industry publications. These publications typically indicate that they have obtained their information from sources they believe to be reliable, but do not guarantee the accuracy and completeness of their information. Although we have assessed the information in the publications and found it to be reasonable and believe the publications are reliable, we have not independently verified their data.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus and does not contain all of the information that you should consider before investing in the notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the section entitled "Risk Factors" and the documents incorporated by reference herein and therein, including the financial statements and related notes.

Our Business

We provide technology-enabled recovery and related analytics solutions in the United States. Our solutions help identify and recover delinquent or defaulted assets and improper payments for both government and private clients in a broad range of markets. Our clients typically operate in complex and regulated environments and outsource their recovery needs in order to reduce losses on billions of dollars of defaulted student loans, improper healthcare payments and delinquent state tax and federal treasury receivables. We generally provide our services on an outsourced basis, where we handle many or all aspects of our clients' recovery processes.

We believe we have a leading position in our markets based on our proprietary technology-enabled platform, long-standing client relationships and the large volume of funds we have recovered for our clients. For the nine months ended September 30, 2014, we audited and analyzed approximately $7.3 billion of combined student loans and other delinquent federal and state receivables and recovered approximately $267 million in improper Medicare payments. Our clients include 11 of the 31 public sector participants in the student loan industry and these relationships average more than 10 years in length, including a 25-year relationship with the Department of Education. In the healthcare market, we are currently one of four prime Medicare Recovery Audit Contractors, or RACs, in the United States for the Centers for Medicare and Medicaid Services, or CMS, and are currently involved in a competitive re-bidding process for the award of the next RAC contract with CMS.

We utilize our technology platform to efficiently provide recovery and analytics services in the markets we serve. We have continuously developed and refined our technology platform for almost two decades by leveraging our extensive domain and data processing expertise. Our technology platform allows us to disaggregate otherwise complex recovery processes into a series of simple, efficient and consistent component steps, which we refer to as workflows, for our recovery and healthcare claims review specialists. This approach enables us to continuously refine our recovery processes to achieve higher rates of recovery with greater efficiency. By optimizing what traditionally have been manually-intensive processes, we believe we achieve higher workforce productivity versus more traditional labor-intensive outsourcing business models. For example, we generated in excess of $100,000 of revenues per employee during the nine-month period ended September 30, 2014, based on the average number of employees during the nine-month period ended September 30, 2014.

We believe that our platform is easily adaptable to new markets and processes. Over the past several years, we have successfully extended our platform into additional markets with significant recovery opportunities. For example, we utilized the same basic platform previously used primarily for student loan recovery activities to enter the healthcare market. We have enhanced our platform through investment in new data and analytics capabilities, which we believe will enable us to provide additional services including the detection of fraud, waste and abuse.

Our revenue model is generally success-based as we earn fees based on a percentage of the aggregate amount of funds that we enable our clients to recover. Our services do not require any significant upfront investments by our clients and we offer our clients the opportunity to recover significant funds otherwise lost. Because our model is based upon the success of our efforts and the dollars we enable our clients to recover, our business objectives are aligned with those of our clients and we are generally not reliant on

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their spending budgets. Further, our business model does not require significant capital expenditures and we do not purchase loans or obligations.

Our Markets

We operate in markets characterized by strong growth, a complex regulatory environment and a significant amount of delinquent, defaulted or improperly paid assets.

Student Lending

According to the Department of Education, total government-supported student loan originations were estimated to be approximately $100 billion for the fiscal year ended September 30, 2014, and the aggregate dollar amount of these loans has grown at a compound annual growth rate of 11% from 2002 through 2012. The average "cohort default rate," which is the measure utilized by the Department of Education to track the percentage of government-supported loan borrowers that enter repayment in a certain fiscal year and default by the end of the next year, has risen from approximately 13.4% in 2009 to approximately 13.7% in 2011, the last year for which data is available.

Healthcare

According to CMS, U.S. healthcare spending reached $2.9 trillion in 2013 and is forecast to grow at a 5.7% compound annual growth rate through 2023. In particular, CMS indicates that federal government-related healthcare spending for 2013 totaled approximately $1.0 trillion. This federal government-related spending included approximately $591.2 billion for Medicare, of which $48.0 billion, or 8.6%, has been estimated to be comprised of improper payments. Medicare improper payments generally involve incorrect coding, procedures performed which were not medically necessary, and incomplete documentation or claims submitted based on outdated fee schedules, among other issues.

Other Markets

We believe that the demand for recovery of delinquent state taxes will grow as state governments struggle with revenue generation and face significant budget deficits. According to the Center on Budget and Policy Priorities, an independent think tank, 31 U.S. states faced budget shortfalls totaling $55.0 billion in the year ended September 30, 2013. The federal agency market consists of government debt subrogated to the Department of the Treasury. For the year ended September 30, 2013, federal agency recoveries in this market totaled more than $7.0 billion, a significant portion of which were made by private firms on behalf of the Department of Financial Management Service, a bureau of the Department of the Treasury.

Our Competitive Strengths

We believe that our business is difficult to replicate, as it incorporates a combination of several important and differentiated elements, including:

- ***Powerful technology platform.*** We have built a proprietary technology platform that is highly flexible, intuitive and easy to use for our recovery and claims specialists. Our platform is easily configurable and deployable across multiple markets and processes.

- ***Advanced, technology-enabled workflow processes.*** Our technology-enabled workflow processes, developed over many years of operational experience in recovery services, disaggregate otherwise complex recovery processes into a series of simple, efficient and consistent steps that are easily configurable and applicable to different types of recovery-related applications.

- ***Extensive data and pervasive analytics capabilities.*** Our data and analytics capabilities enable us to achieve strong recovery rates for our clients. We have collected recovery-related data for over two decades, which we combine with large volumes of client and third-party data to effectively analyze

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our clients' delinquent or defaulted assets and improper payments. We have also developed and embedded a number of analytics tools that we use to score our clients' recovery opportunities, determine the optimal recovery process and allocation of resources, and achieve higher levels of recovery results for our clients.

Long-standing client relationships. We believe our long-standing focus on achieving superior recovery performance for our clients and the significant value our clients derive from this focus have helped us achieve long-tenured client relationships, strong contract retention and better access to new clients and future growth opportunities.

Extensive domain expertise in complex and regulated markets. We have extensive experience and domain expertise in providing recovery services for government and private institutions that generally operate in complex and regulated markets. We have demonstrated our ability to develop domain expertise in new markets such as healthcare and state tax and federal Treasury receivables.

Proven and experienced management team. Our management team has significant industry experience. This team has successfully grown our revenue base and service offerings beyond the original student loan market into healthcare and delinquent state tax and private financial institutions receivables.

Our Growth Strategy

Key elements of our growth strategy include the following:

Expand our student loan recovery volume. We have long-standing relationships with some of the largest participants in the government-supported student loan market, and we believe there are significant opportunities within this growing market to increase the volume of student loans placed with us by existing and new clients.

Expand our recovery services in the healthcare market. As healthcare spending grows, we expect the need for recovery services to increase in the public and private healthcare markets. We intend to expand our recovery services for existing clients, including analytics solutions to clients in the private healthcare market.

Pursue strategic alliances and acquisitions. In addition to the proposed PHX acquisition, we intend to continue to selectively consider opportunities to grow through strategic alliances or acquisitions that are complementary to our business. For a discussion of the proposed PHX acquisition, see " Proposed PHX Acquisition."

Premier Healthcare Exchange, Inc.

Proposed PHX Acquisition

On January 28, 2015, we entered into an agreement and plan of merger with Premier Healthcare Exchange, Inc. under which we agreed to acquire all of PHX's outstanding capital stock through a merger of a wholly-owned subsidiary of ours with PHX. Following the merger, PHX will be our wholly-owned subsidiary. We refer to this transaction as the PHX acquisition. Consideration for the PHX acquisition consists of $108.0 million in cash, subject to certain adjustments contemplated by the merger agreement, and $22.0 million of our common stock. The shares of our common stock issued in connection with the merger will be issued to the three largest stockholders of PHX, including the Chief Executive Officer, the Chief Operating Officer and an affiliate of Edison Venture Partners, in exchange for a portion of their shares of PHX. The shares of our common stock issued to PHX's stockholders in connection with the PHX acquisition will be subject to restrictions on transfer ranging from six months to approximately two years after the closing of the PHX acquisition. In addition, we have agreed to pay to PHX's stockholders an earnout payment of up to $19.1 million in cash contingent on PHX, on a stand-alone, pro forma basis, generating specified levels of revenue for the year ending December 31, 2015. PHX's achievement of the

pro forma revenue targets described in the merger agreement would represent meaningful revenue growth over PHX's pro forma revenues for the year ended December 31, 2014. If the revenue targets are not met, there will be no such additional payments. See "The PHX Acquisition."

Prior to the closing of the PHX acquisition, PHX will spin-off its subsidiary, Pay-Plus Solutions, Inc., or Pay-Plus, which operates a separate business from the business we are acquiring. We refer to this as the Pay-Plus spin-off. See "Summary Unaudited Pro Forma Condensed Combined Financial Data" for pro forma financial data of PHX after giving effect to the Pay-Plus spin-off.

We cannot assure you that we will complete the PHX acquisition. The completion of this offering is not contingent upon the completion of the PHX acquisition, but the completion of the PHX acquisition is contingent upon the successful completion of this offering of convertible senior notes and the concurrent common stock offering. Accordingly, even if the acquisition does not occur, the notes sold in this offering will remain outstanding. Investors in our notes should not place undue reliance on the pro forma and as adjusted financial data included in this prospectus supplement because this offering is not contingent upon any of the transactions reflected in the adjustments included in that information.

If the PHX acquisition is completed, we intend to use the net proceeds of this offering and the sale and issuance of shares in our concurrent common stock offering to fund the cash consideration for the PHX acquisition due on the closing date of the PHX acquisition and to fund on the closing date of the PHX acquisition an escrow of $13.0 million in respect of the potential earnout payment described above. Any remaining net proceeds will be used for working capital and other general corporate purposes. If the PHX acquisition is not completed by February 12, 2015 (which date may be extended by us and PHX, with the consent of Madison Capital, the agent under our senior secured credit facility), or the merger agreement is terminated any time prior to such date, we are required to use the net proceeds from the sale of the notes and the sale and issuance of shares in our concurrent common stock offering to pay in full all outstanding obligations under our senior secured credit facility. See "Use of Proceeds." Upon completion of the offering we will repay $10.0 million of outstanding term loans under our senior secured credit facility using our existing cash resources. See "Description of Other Indebtedness."

The merger agreement has been filed as an exhibit to our Current Report on Form 8-K, filed with the SEC on January 28, 2015, which is incorporated by reference herein. See "The PHX Acquisition Summary of the PHX Acquisition" and "Risk Factors Risks Related Our Proposed Acquisition of PHX."

PHX's Business

PHX is a technology-enabled provider of cost integrity solutions to healthcare fiduciaries with a focus on mid-sized health plans and third party administrators, or TPAs. PHX, which was founded in 2001, uses its technology platform to provide solutions that reduce payment errors, streamline the claims payment process and substantially reduce the healthcare claims costs of its clients. PHX's solutions are used primarily by leading health plans and TPAs, who manage the "administrative only" aspects of health insurance plans for self-insured employers who are assuming the underwriting risk of the claim cost. Similar to our business, the majority of PHX's pro forma revenue is derived from the identification of improper payments on behalf of clients and PHX's revenue model is generally success-based as it earns fees based on the amount of improper payments that it identifies on behalf of its clients.

PHX uses its technology platform to analyze its clients' healthcare claims for errors that result in overpayment or waste. Claims are evaluated in three ways to reduce overall costs including: (a) claims editing, which is an automated rules-based engine designed to detect coding errors of a medical claim, (b) bill review and audit, wherein trained nurse auditors use PHX's technology to perform pre-payment line-by-line desktop audits of high dollar claims for medical necessity and clinical accuracy and (c) out-of-network services, wherein out-of-network claims are reviewed and compared to cost-based benchmarks such as Medicare and preferred provider organization, or PPO, networks. In the fiscal year

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ended December 31, 2014, PHX generated customer savings of 20% to 25% per claim, and over $300 million in total customer savings.

Importantly, PHX provides its cost integrity solutions on a pre-payment basis whereby PHX receives the claim from the customer and evaluates the claim prior to the customer paying the provider. Once a claim has been reviewed by PHX, the provider is paid the PHX-adjusted claim amount. Pre-payment integrity solutions differ from post-payment integrity solutions; in post-payment services, a provider has already been paid for their services and any adjustments found during the claims review that result in savings to the payor have to be recovered from the provider. Unlike PHX's pre-payment solutions, our existing cost-integrity solutions are provided primarily on a post-payment basis.

In addition to these claim-based integrity solutions, PHX provides network management solutions to self-insured health plans, typically employers, through its TPA customers. PHX's network management solutions include analyzing and selecting an optimal PPO network for employers either in their region or networks for employees out of the employers' primary geography. PHX has built its own network of providers, PHX Choice Network, and also partners with over 50 third-party PPO networks to offer these solutions.

In order to efficiently achieve cost savings for its customers, PHX developed a technology platform for the purpose of evaluating and auditing claims, automating workstreams and improving payment accuracy and transparency. Additionally, PHX has established electronic data interchange, or EDI, connections with many of its clients through partnerships with leading claims adjudication systems such as TriZetto, EBIX and others. These connections allow PHX to more easily on-board new clients and receive claims data on a real-time basis from existing clients.

Rationale for PHX Acquisition

We believe PHX represents an attractive strategic complement to our growth initiatives, including strengthening our value proposition in the commercial healthcare cost integrity sector, adding valuable technology-enabled, pre-payment cost integrity capabilities to enhance our product offering and accelerating the diversification of our business through new markets and customer opportunities.

The PHX acquisition provides us with the potential to:

Broaden our offerings and expand our value proposition. PHX complements our existing post-payment, healthcare cost integrity solutions with pre-payment capabilities. We believe the combination of these capabilities provides us the potential to further penetrate the commercial payor market, increase the total spending by our existing and future customers on our products and allow us to strengthen our relationships with clients in a market where payors are consolidating their payment integrity providers and seeking an end-to-end solution. Finally, through its partnerships with a number of healthcare claims adjudication system providers, PHX can more easily build data connections to potential customers which, we expect will help accelerate our sales cycle and product implementation efforts.

Access new markets. PHX has over 200 customers, consisting primarily of TPAs as well as insurance carriers, Taft-Hartley plans and re-insurance carriers, and has demonstrated low customer attrition. Through PHX's TPA customers, we expect to gain greater access to the large and growing self-insured healthcare market. In addition, PHX's product offerings support our ability to further penetrate the commercial healthcare payor market, particularly in the mid-sized payor market which we define as payors with 200,000 to 1 million members.

Accelerate revenue growth and diversification. PHX demonstrated strong historical pro forma revenue growth of 41% for the 2013 fiscal year compared to 2012. We believe the complementary combination of PHX's and our capabilities will create meaningful opportunities to drive future revenue growth. Further, the addition of over 200 existing PHX customers helps to diversify our revenue in multiple areas including customer diversification and industry diversification. For example, the healthcare market would have represented 36% of our total revenues for the nine-month period ended September 30, 2014 on a combined pro forma basis compared to 19% of our total revenues on a historical stand-alone basis during the same period.

Financial Overview

PHX has demonstrated meaningful pro forma revenue growth since 2012. For the year ended December 31, 2013, PHX generated pro forma revenue of $42.8 million compared to $30.3 million in 2012, representing year-over-year growth of 41%. This growth was due primarily to successfully signing larger regional health plan payors. For the nine-month period ended September 30, 2014, PHX's pro forma revenue was $40.7 million, representing 31% growth compared to the same period in the prior year, due primarily to the addition of new TPA customers and the increased use of PHX's services by its current customers.

Additionally, PHX has exhibited strong and consistent pro forma adjusted EBITDA margins of 17% in 2012, 18% in 2013 and 24% in the nine-month period ended September 30, 2014. PHX's pro forma net income margins for the same periods were 8%, 9%, and 13%, respectively. PHX's pro forma adjusted EBITDA and pro forma net income, respectively, were $5.1 million and $2.5 million for the year ended December 31, 2012, $7.7 million and $3.9 million for the year ended December 31, 2013, $9.9 million and $5.4 million for the nine months ended September 30, 2014 and $5.3 million and $2.7 million for the nine months ended September 30, 2013. See "Reconciliation of Non-GAAP Financial Information" for a definition of pro forma adjusted EBITDA, the reasons for providing this financial measure, and the limitations of its usefulness because it does not reflect all items of income and expense under U.S. generally accepted accounting principles, or GAAP.

Market and Industry Overview

In 2013, CMS reported that more than $2.9 trillion dollars were spent across both government and commercial health programs and plans. Commercial health plans accounted for $962 billion, or 33% of total healthcare spending in 2013. CMS expects total healthcare spending to grow at a 5.7% compound annual growth rate, or CAGR, through 2023. As healthcare spending increases, there is increasing pressure to eliminate waste, fraud and abuse. According to the government website Payment Accuracy, error rates across government healthcare programs range from 3.7% to 10.0%. Payment integrity efforts to reduce increasing health care costs have traditionally targeted the post-payment environment. While this approach has been the traditional strategy for health plans, the retroactive recovery of payments often stresses the relationships that health plans need to foster with their network providers. Pre-payment solutions introduce an efficient, low-friction approach to auditing and improving payment accuracy. As technology has improved and administrative workflows to manage claims real-time have standardized, health plans have begun efforts to implement pre-payment solutions across claims platforms.

Reconciliation of PHX Pro Forma Non-GAAP Financial Data

Pro Forma Adjusted EBITDA

To provide investors with additional information regarding the financial results of PHX, we have disclosed in the table below and within this prospectus supplement pro forma adjusted EBITDA, which is a non-GAAP financial measure. We have provided a reconciliation below of PHX's pro forma adjusted EBITDA to net income, the most directly comparable GAAP financial measure to this non-GAAP financial measure.

We have included PHX's pro forma adjusted EBITDA in this prospectus supplement because we believe it is a key measure used by both our management team and the PHX management team to understand and evaluate PHX's core operating performance and trends. Accordingly, we believe that pro

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forma adjusted EBITDA provides useful information to investors and analysts in understanding and evaluating the operating results of PHX.

The use of PHX's pro forma adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the financial results of PHX as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and pro forma adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- pro forma adjusted EBITDA does not reflect interest expense on PHX's indebtedness;
- pro forma adjusted EBITDA does not reflect changes in, or cash requirements for, PHX's working capital needs;
- pro forma adjusted EBITDA does not reflect tax payments by PHX;
- pro forma adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation;
- pro forma adjusted EBITDA does not reflect the impact of certain non-operating expenses resulting from matters we do not consider to be indicative of PHX's core operating performance; and
- other companies may calculate pro forma adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider pro forma adjusted EBITDA alongside other financial performance measures, including pro forma net income and PHX's other GAAP results.

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The following table presents a reconciliation of PHX's pro forma adjusted EBITDA, after giving pro forma effect to the Pay-Plus spin-off, for the fiscal years ended December 31, 2013 and 2012 and for the nine months ended September 30, 2014 to net income for these periods:

	Nine Months Ended September 30,		Year Ended December 31,	
	2014	2013	2013	2012
	(in thousands)			
Reconciliation of Pro Forma Adjusted EBITDA:				
PHX Net income (GAAP)	$ 11,172	$ 2,782	$ 4,914	$ 1,652
Pro Forma Adjustments Pay-Plus Spin-Off	(5,763)	(118)	(985)	871
Pro Forma Net income	5,409	2,664	3,929	2,523
Pro Forma Provision for income taxes	3,626	1,818	2,683	1,856
Pro Forma Interest expense	82	120	157	47
Pro Forma Interest income	(7)	(3)	(5)	(92)
Pro Forma Depreciation and amortization	613	597	769	468
Pro Forma Non-core operating expenses	103(1)	43(1)	61(1)	
Pro Forma Advisory fee				85(3)
Pro Forma Deal expenses				168(3)
Pro Forma Stock-based compensation	25	51	63	54
Pro Forma Adjusted EBITDA	$ 9,853	$ 5,291	$ 7,656	$ 5,108

(1) Represents costs associated with an evaluation of interest in a sale or recapitalization of PHX.

(2) Represents costs associated with the defense of and settlement provisions for a litigation matter.

(3) Represents costs associated with the acquisition by PHX of a company in 2012.

Recent Developments

Three months ended December 31, 2014 (Unaudited)

Our consolidated financial statements for the three months ended December 31, 2014 are not yet available. Our current expectations with respect to our unaudited results for this period are based upon management estimates. The preliminary estimates presented below are subject to the completion of our financial closing procedures and any adjustments that may result from the completion of the audit of our consolidated financial statements for the year ended December 31, 2014. Accordingly, these estimates may change and those changes may be material. As such, you should not place undue reliance on these estimates. For additional information regarding the various risks and uncertainties inherent in estimates of this type, see "Information Regarding Forward-Looking Statements," elsewhere in this prospectus supplement.

The preliminary estimates have been prepared by, and are the responsibility of, our management and have not been reviewed or audited or subject to any other procedures by our independent registered public accounting firm. Accordingly, our independent registered public accounting firm does not express an opinion or any other form of assurance with respect to these preliminary estimates.

We are providing the following preliminary estimates of our financial results and operating metrics for the three months ended December 31, 2014:

GAAP

Revenues are expected to be between $38.0 million and $41.0 million, with the midpoint of the range representing substantially the same level of revenues as for the three-month period ended

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September 30, 2014. We expect our student lending revenues to be greater than the $28.1 million of revenues in the three months ended September 30, 2014, due primarily to the recognition of rehabilitation revenues that were delayed from the prior quarter due to new documentation requirements for student loan rehabilitation imposed in the third quarter by our guaranty agency, or GA, clients. We expect our healthcare revenues to be significantly lower than the $5.2 million of revenues recognized in the three months ended September 30, 2014, primarily due to RAC contract transition procedures adopted by CMS that halted all of our audit and recovery activities from June 1 until late August, 2014. We were permitted to re-start audit activities in late August when the RAC contract was extended through year end, though substantially all of the revenues from those activities will not be recognizable until 2015.

Net loss is estimated to be between $2.1 million and $1.5 million, compared to a net loss of $0.5 million during the three months ended September 30, 2014. This expected increase in net loss is primarily due to increases in salary and benefits expenses and other operating expenses during the fourth quarter relating to a new state tax recovery services engagement during the fourth quarter and the re-start of audit and recovery services under our RAC contract. We did not recognize significant revenues from the new state tax recovery services engagement or the extended RAC contract during the three months ended December 31, 2014, as operating expenses related to these activities predated related revenues.

Non-GAAP

Adjusted EBITDA is expected to be between $4.0 million and $5.5 million, representing a sequential quarterly decrease of approximately 17% at the midpoint of the range. This reduction in adjusted EBITDA is primarily due to the increase in salary and benefits expenses and other operating expenses relating to a new state tax recovery services engagement and the re-start of audit and recovery services under our RAC contract, neither of which resulted in significant revenues being recognized by us during the fourth quarter.

Adjusted net income (loss) is estimated to be between $(0.4) million and $0.9 million, representing a sequential quarterly decrease of approximately 66% at the midpoint of the range. This decrease in adjusted net income during the quarter is attributable to the same factors affecting net income described above.

Adjusted EBITDA and Adjusted Net Income (Loss)

To provide investors with additional information regarding our financial results, we have disclosed in the table below and within this prospectus supplement adjusted EBITDA and adjusted net income (loss), both of which are non-GAAP financial measures. We have provided a reconciliation below of adjusted EBITDA to net loss and adjusted net income (loss) to net loss, as net income is the most directly comparable GAAP financial measure to these non-GAAP financial measures.

We have included adjusted EBITDA and adjusted net income (loss) in this prospectus supplement because they are key measures used by our management and board of directors to understand and evaluate our core operating performance and trends and to prepare and approve our annual budget. Accordingly, we believe that adjusted EBITDA and adjusted net income (loss) provide useful information to investors and analysts in understanding and evaluating our operating results in the same manner as our management and board of directors.

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Our use of adjusted EBITDA and adjusted net income (loss) has limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect interest expense on our indebtedness;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect tax payments;
- adjusted EBITDA and adjusted net income (loss) do not reflect the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA and adjusted net income (loss) do not reflect the impact of certain non-operating expenses resulting from matters we do not consider to be indicative of our core operating performance; and
- other companies may calculate adjusted EBITDA and adjusted net income (loss) differently than we do, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider adjusted EBITDA and adjusted net income (loss) alongside other financial performance measures, including net loss and our other GAAP results.

The following tables present a reconciliation of estimated adjusted EBITDA and estimated adjusted net income (loss) for the three months ended December 31, 2014 to estimated net loss for this period and

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adjusted EBITDA and adjusted net income (loss) for the three months ended September 30, 2014 to actual net loss for this period:

	Three Months Ended September 30, 2014	Three Months Ended December 31, 2014
	(in thousands)	
Reconciliation of Adjusted EBITDA:		
Net loss	$ (479)	$ (2,100) to (1,500)
Provision for income taxes	(175)	(1,600) to (1,200)
Interest expenses	2,456	2,100
Depreciation and amortization	3,067	3,600
PHX acquisition expense(1)		900 to 1,400
Stock-based compensation	839	1,100
Adjusted EBITDA	$ 5,708	$ 4,000 to 5,500
Reconciliation of Adjusted Net Income (Loss):		
Net loss	$ (479)	$ (2,100) to (1,500)
Stock-based compensation	839	1,100
Amortization of intangibles(2)	933	700 to 1,100
Deferred financing amortization costs	264	200 to 400
PHX acquisition expense(1)		900 to 1,400
Tax adjustments(3)	(814)	(1,200) to (1,600)
Adjusted Net Income (Loss)	$ 743	$ (400) to 900

(1) Represents costs associated with the anticipated acquisition of PHX described in this prospectus supplement.

(2) Represents amortization of capitalized expenses related to the acquisition of Performant by an affiliate of Parthenon Capital Partners in 2004, and also an acquisition in the first quarter of 2012 to enhance our analytics capabilities.

(3) Represents tax adjustments assuming a marginal tax rate of 40%.

Amendment to Credit Facility

On January 28, 2015, our subsidiary Performant Business Services, Inc., or Performant Business, as borrower, entered into Consent and Amendment No. 3 to our senior secured credit facility, or the third amendment. Among other things, we amended our senior secured credit facility to permit this offering of notes and the consummation of the proposed PHX acquisition on the terms and subject to the conditions set forth in the third amendment. For a description of our indebtedness other than the notes, see "Description of Other Indebtedness."

Update on Award of New RAC Contracts

We are currently involved in a competitive rebidding process for four new RAC contracts with CMS. The timing of new RAC contract awards remains uncertain. The bidding process has been delayed, at least in part, by pre-award protests and, following the denial of those protests, by ongoing litigation. The plaintiffs in the litigation are seeking the elimination of payment terms under the proposed new RAC contracts that would prohibit RACs from being compensated for improper claims until a second level of appeal has been exhausted. A decision in favor of CMS is currently on appeal and an injunction bars award of three of the four new RAC contracts pending the appeal. A fifth RAC contract, which is a new type of

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RAC contract covering the identification and recovery of improper claims for durable medical equipment, prosthetics, orthotics and supplies and home health and hospice claims, was not covered by the injunction and was awarded to another party in January 2015. The Company is not a party to this litigation. CMS has stated that the injunction will delay the award of the three contracts until the judge's ruling on the injunction, which is not expected to occur until late summer 2015. It is uncertain whether CMS will award the RAC contract not covered by the injunction in the interim period or will wait to award all of the new RAC contracts at the same time. CMS also recently announced that it extended our existing RAC contract through December 31, 2015, along with a limited scope of procedures we will be allowed to conduct during this extended period. CMS has further indicated they may, at their discretion, approve additional issues that we will be permitted to review and audit during the RAC contract extension period.

Company Information

We began operations in 1976 under the corporate name Diversified Collection Services, Inc. We were incorporated in Delaware on October 8, 2003 under the name DCS Holdings, Inc. and subsequently changed our name to Performant Financial Corporation in 2005.

Our principal executive offices are located at 333 North Canyons Pkwy, Suite 100, Livermore, CA 94551, our telephone number is (925) 960-4800 and our web site is www.performantcorp.com. The information contained in our web site is not part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes. As used in this section, "we," "our," and "us" refer to Performant Financial Corporation and not to its consolidated subsidiaries.

Issuer	Performant Financial Corporation, a Delaware corporation.
Securities	$ million aggregate principal amount of % Convertible Senior Notes due 2020 (*plus* up to an additional $ million aggregate principal amount solely to cover over-allotments).
Maturity	February 15, 2020, unless earlier repurchased or converted.
Interest	% per year. Interest will accrue from February , 2015 and will be payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2015. We will pay additional interest, if any, at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under "Description of Notes Events of Default."
Conversion rights	Holders may convert all or any portion of their notes, in multiples of $1,000 principal amount, at their option at any time prior to 5:00 p.m., New York City time, on the business day immediately preceding August 15, 2019 only under the following circumstances:

during any calendar quarter commencing after the calendar quarter ending on March 31, 2015 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

during the five business day period after any five consecutive trading day period (the "measurement period") in which the "trading price" (as defined under "Description of Notes Conversion Rights Conversion Upon Satisfaction of Trading Price Condition") per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or

upon the occurrence of specified corporate events described under "Description of Notes Conversion Rights Conversion Upon Specified Corporate Events."

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	On or after August 15, 2019 until 5:00 p.m., New York City time, on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their notes, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances. The conversion rate for the notes is initially shares per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $ per share of common stock), subject to adjustment as described in this prospectus supplement. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. If we satisfy our conversion obligation in solely cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of common stock, if any, due upon conversion will be based on a daily conversion value (as described herein) calculated on a proportionate basis for each trading day in a 60 trading day observation period (as described herein). See "Description of Notes Conversion Rights Settlement Upon Conversion." In addition, following certain corporate events that occur prior to the maturity date, in certain circumstances we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event as described under "Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change." You will not receive any additional cash payment or additional shares representing accrued and unpaid interest, if any, upon conversion of a note, except in limited circumstances. Instead, interest will be deemed to be paid by the cash, shares of our common stock or a combination of cash and shares of our common stock paid or delivered, as the case may be, to you upon conversion of a note.
Trading symbol for our common stock	Our common stock is listed on The NASDAQ Global Select Market under the symbol "PFMT."
No redemption	We may not redeem the notes prior to the maturity date, and no "sinking fund" is provided for the notes, which means that we are not required to redeem or retire the notes periodically.

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Fundamental change	If we undergo a "fundamental change" (as defined in this prospectus supplement under "Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes"), subject to certain conditions, holders may require us to repurchase for cash all or part of their notes in minimum principal amounts of $1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the notes to be repurchased, *plus* accrued and unpaid interest to, but excluding, the fundamental change repurchase date. See "Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes."
Ranking	The notes will be our senior unsecured obligations and will rank: senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our current or future subsidiaries. As of December 31, 2014, our estimated total consolidated indebtedness was $111.8 million, all of which was secured indebtedness of our subsidiaries under our senior secured credit facility. After giving effect to the issuance of the notes (assuming no exercise of the underwriters' over-allotment option) and the use of proceeds therefrom, our total consolidated indebtedness would have been $ million (without giving effect to the equity component of convertible debt or any debt discount). See "Description of Other Indebtedness" and "Capitalization." The indenture governing the notes will not limit the amount of debt that we or our subsidiaries may incur.
Use of proceeds	We estimate that the proceeds from this offering will be approximately $ million (or $ million if the underwriters exercise their over-allotment option in full), after deducting the underwriting discount and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering of convertible senior notes and the concurrent common stock offering to complete the PHX acquisition, or if the PHX acquisition is not completed, to repay the outstanding indebtedness under our senior secured credit facility. See "Use of Proceeds."

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Book-entry form	The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a public market for the notes	The notes are new securities and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.
U.S. federal income tax consequences	For a discussion of certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the notes and shares of our common stock received upon conversion of notes, see "Material U.S. Federal Income Tax Consequences."
Trustee, paying agent and conversion agent	Wilmington Trust, National Association.
Concurrent common stock offering	Concurrently with this offering, we are offering up to shares of our common stock (or up to shares if the underwriters in the concurrent offering exercise their option to purchase additional shares in full) in an underwritten public offering pursuant to a separate prospectus supplement. We intend to use the net proceeds from this offering of convertible senior notes and the concurrent common stock offering to fund the initial cash consideration payable in connection with the PHX acquisition and to fund an escrow deposit related to future potential earnout payments related to the PHX acquisition, or if the PHX acquisition is not completed, to repay the outstanding indebtedness under our senior secured credit facility. See "Use of Proceeds" in this prospectus supplement.

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This prospectus supplement and accompanying prospectus shall not be deemed an offer to sell or a solicitation of an offer to buy any of the shares of our common stock. This offering of convertible senior notes is contingent upon the closing of the concurrent common stock offering, and the concurrent common stock offering is contingent upon the closing of this offering of convertible senior notes. We cannot assure you that either or both of these offerings will be completed. Unless we specifically state otherwise, the information in this prospectus supplement assumes the completion of the common stock offering and that the underwriters for the common stock offering do not exercise their over-allotment option to purchase additional shares and that the underwriters for this offering do not exercise their option to purchase additional convertible senior notes.

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Our Summary Consolidated Financial Data

The following table sets forth our summary selected historical consolidated financial and other data for the periods ended and as of the dates indicated. The consolidated statement of operations data for the fiscal years ended December 31, 2013, 2012 and 2011 and the balance sheet data as of December 31, 2013 and 2012 have been derived from, and should be read together with, our audited consolidated financial statements and the accompanying notes, which are incorporated by reference herein. The consolidated statement of operations data for the nine months ended September 30, 2014 and 2013 and the balance sheet data as of September 30, 2014 have been derived from our unaudited condensed consolidated financial statements, which are incorporated by reference herein. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Year Ended December 31,			Nine Months Ended September 30,	
	2013	2012	2011	2014	2013
				(unaudited)	
			(in thousands)		
Consolidated Statement of Operations Data:					
Revenues	$ 255,302	$ 210,073	$ 162,974	$ 155,683	$ 195,326
Operating expenses:					
Salaries and benefits	96,762	83,002	67,082	71,236	72,942
Other operating expense	85,671	71,305	49,199	56,304	65,314
Impairment of trade name			13,400		
Total operating expenses	182,433	154,307	129,681	127,540	138,256
Income from operations	72,869	55,766	33,293	28,143	57,070
Debt extinguishment costs[1]		(3,679)			
Interest expense	(11,564)	(12,414)	(13,530)	(7,765)	(8,752)
Interest income	1	64	125		
Income before provision for income taxes	61,306	39,737	19,888	20,378	48,318
Provision for income taxes	24,967	16,786	7,516	8,599	19,848
Net income	36,339	22,951	12,372	11,779	28,470
Accrual for preferred stock dividends		2,038	6,495		
Net income available to common shareholders	$ 36,339	$ 20,913	$ 5,877	$ 11,779	$ 28,470