



Performant Financial Corporation Awarded Student Loan Recovery Contract from the Department of Education

January 12, 2018

LIVERMORE, Calif., Jan. 12, 2018 (GLOBE NEWSWIRE) -- Performant Financial Corporation (Nasdaq:PFMT), a leading provider of technology-enabled recovery and related analytics services in the United States, today announced that Performant has been awarded a new contract by the U. S. Department of Education to provide debt collection services on defaulted federal student loans.

According to the Department of Education, the total contract award amount for the base period and option period is not to exceed \$400,000,000. The base period of performance for this contract is January 11, 2018 through January 10, 2023. The contract also includes a single, three (3) year Optional Ordering Period which is January 11, 2023 through January 10, 2026; a one year (1) Optional In-payment Retention Period, which is January 11, 2026 through January 10, 2027; and two 6 month Optional In-payment Retention Periods, which is January 11, 2027 through July 10, 2027 and July 11, 2027 through January 10, 2028.

"We are extremely pleased to announce that we have received a new contract award from the Department of Education. We have provided leading recovery results and demonstrated strong regulatory compliance across billions of dollars of federal student loans over a more than twenty year period and we are appreciative that the Department of Education has recognized our contributions by this new award. While the contract start date is January 11, 2018, we have not yet received information on the timing of new defaulted loan placements and we do not expect to recognize meaningful revenue until nine to ten months after placements begin. In the short term, we can expect to incur additional expenses as we prepare to reinstate service to the Department of Education under this new contract award," said Lisa Im, Performant's Chief Executive Officer.

"As we focus on growth, we believe this Department of Education contract will be a meaningful addition to the multiple, significant new contract awards that we have received in the last year or so, including the CMS Medicare Secondary Payer Commercial Recovery Center Contract, multiple commercial healthcare contracts, recovery audit contracts for two regions for the Centers for Medicare & Medicaid Services, customer care contracts, and a contract from the Internal Revenue Service to provide recovery services related to defaulted tax payments. In addition, we are committed to our existing student loan recovery clients, including some of the largest student loan guarantee agencies, where we believe there are opportunities to continue to increase our market share and drive growth," concluded Im.

About Performant Financial Corporation

Performant helps government and commercial organizations enhance revenue and contain costs by preventing, identifying and recovering waste, improper payments and defaulted assets. Performant is a leading provider of these services in several industries, including healthcare, student loans and government. Performant has been providing recovery audit services for more than nine years to both commercial and government clients, including serving as a Recovery Auditor for the Centers for Medicare and Medicaid Services.

Powered by a proprietary analytic platform and workflow technology, Performant also provides professional services related to the recovery effort, including reporting capabilities, support services, customer care and stakeholder training programs meant to mitigate future instances of improper payments. Founded in 1976, Performant is headquartered in Livermore, California.

Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future revenues and expenses under the new contract with the Department of Education and under other new contract awards received by Performant. These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change and actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, that the timing of work under the new Department of Education contract award is uncertain and could be delayed by further protests; that the timing and scope of permitted recovery activity under our recovery contracts for the Medicare Fee-for-Service Recovery Audit Program, Medicare Secondary Payer Commercial Recovery Center and the Internal Revenue Service are uncertain; that we may need to incur significant expenses in connection with preparing to perform these new contracts; that our indebtedness and ability to comply with our financial covenants could adversely affect our business and financial condition; the high level of revenue concentration among the Company's three largest customers; that many of the Company's customer contracts are subject to periodic renewal, are not exclusive and do not provide for committed business volumes; that the Company faces significant competition in all of its markets; that the U.S. federal government accounts for a significant portion of the Company's revenues; that future legislative and regulatory changes may have significant effects on the Company's business; failure of the Company's or third parties' operating systems and technology infrastructure could disrupt the operation of the Company's business; and the threat of breach of the Company's security measures or failure or unauthorized access to confidential data that the Company possesses. More information on potential factors that could affect the Company's financial condition and operating results is included from time to time in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's annual report on Form 10-Q for the quarter ended September 30, 2017 and subsequently filed reports on Forms 10-Q and 8-K. The forward-looking statements are made as of the date of this press release and the Company does not undertake to update any forward-looking statements to conform these statements to actual results or revised expectations.

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