

## **Performant Financial Corporation Provides Update Regarding Department of Education Contract Procurement Process**

LIVERMORE, Calif., Dec. 12, 2016 (GLOBE NEWSWIRE) -- Performant Financial Corporation (Nasdaq:PFMT), a leading provider of technology-enabled recovery and related analytics services in the United States, today reported that after a long and complex procurement process that included retractions and restarts of the Request for Proposal process as well as lawsuits against the Department of Education, the Department of Education has announced awards for seven contractors for the unrestricted recovery contract. Performant was not named as a contractor in this notification.

"Given our demonstrated performance for the Department of Education over the past twenty years, driving leading recovery results and strong compliance across billions of dollars of student loans, we believe our qualifications align strongly with the procurement requirements. As a result, we are very surprised that we were not selected as a contractor. We have asked for a debriefing from the agency so that we can understand the rationale for the award decisions. Although we are giving serious consideration to protesting this surprising and disappointing result, we will fully evaluate what we learn through the debriefing process before making a final decision," said Lisa Im, Performant Financial's Chief Executive Officer.

"In the meantime, we are highly focused on our multiple, significant new opportunities which include our selection as a recovery vendor for the Internal Revenue Service and our receipt of two regions as a Recovery Audit Contractor for the Centers for Medicare & Medicaid Services. 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. Over the past two years, we have successfully managed our financial results during the wind down of the prior Department of Education contract and the latest award announcement will not change our focus on driving superior results for our clients while continually pursuing additional opportunities to diversify our business," 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 a possible protest of the Department of Education contract award, opportunities to increase growth from other student loan clients and the diversification of our business. 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 any protest of the Department of Education contract award we may pursue could be unsuccessful; that the timing and scope of permitted recovery activity under our newly announced recovery contracts for the Medicare Fee-for-Service Recovery Audit Program and the Internal Revenue Service are uncertain; that we may need to incur significant expenses in connection with preparing to perform these new contracts and any new recovery contract award we may receive from the Department of Education; 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-K for the year ended December 31, 2015 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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