UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

Commission file number: 000-50796

SP Plus Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**16-1171179**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

**200 E. Randolph Street, Suite 7700
Chicago, Illinois 60601-7702**
(Address of Principal Executive Offices, Including Zip Code)

(312) 274-2000
(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 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, 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. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
Emerging growth company ☐	(Do not check if a smaller reporting 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 ☒

As of August 1, 2017, there were 22,507,543 shares of common stock of the registrant outstanding.

SP PLUS CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
SP Plus Corporation
Condensed Consolidated Balance Sheets

(millions, except for share and per share data)	June 30, 2017	December 31, 2016
	(unaudited)	
Assets		
Cash and cash equivalents	$ 27.5	$ 22.2
Notes and accounts receivable, net	120.0	120.7
Prepaid expenses and other	10.6	13.7
Total current assets	158.1	156.6
Leasehold improvements, equipment and construction in progress, net	28.1	30.9
Other assets		
Advances and deposits	4.5	4.3
Other intangible assets, net	56.8	61.3
Favorable acquired lease contracts, net	25.9	30.0
Equity investments in unconsolidated entities	18.7	18.5
Other assets, net	17.1	16.3
Deferred taxes	18.8	17.9
Cost of contracts, net	10.1	11.4
Goodwill	431.6	431.4
Total other assets	583.5	591.1
Total assets	$ 769.7	$ 778.6
Liabilities and stockholders' equity		
Accounts payable	$ 108.0	$ 109.9
Accrued rent	23.1	21.7
Compensation and payroll withholdings	23.6	25.7
Property, payroll and other taxes	13.7	7.6
Accrued insurance	19.2	18.1
Accrued expenses	19.4	25.5
Current portion of obligations under Restated Credit Facility and other long-term borrowings	20.4	20.4
Total current liabilities	227.4	228.9
Long-term borrowings, excluding current portion		
Obligations under Restated Credit Facility	148.7	174.5
Other long-term borrowings	0.1	0.2
	148.8	174.7
Unfavorable acquired lease contracts, net	35.7	40.2
Other long-term liabilities	64.7	66.4
Total noncurrent liabilities	249.2	281.3
Stockholders' equity		
Preferred Stock, par value $0.01 per share; 5,000,000 shares authorized as of June 30, 2017 and December 31, 2016; no shares issued	—	—
Common stock, par value $0.001 per share; 50,000,000 shares authorized as of June 30, 2017 and December 31, 2016; 22,507,543 and 22,328,578 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively.	—	—
Treasury Stock, at cost; 305,183 shares at June 30, 2017 and December 31, 2016	(7.5)	(7.5)
Additional paid-in capital	253.6	251.2
Accumulated other comprehensive loss	(1.4)	(1.4)
Retained earnings	47.8	25.9
Total SP Plus Corporation stockholders' equity	292.5	268.2
Noncontrolling interest	0.6	0.2
Total stockholders' equity	293.1	268.4
Total liabilities and stockholders' equity	$ 769.7	$ 778.6

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Condensed Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
(millions, except for share and per share data) (unaudited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Parking services revenue				
Lease contracts	$ 150.9	$ 135.7	$ 281.7	$ 274.2
Management contracts	84.0	86.7	176.1	177.9
	234.9	222.4	457.8	452.1
Reimbursed management contract revenue	180.5	180.2	372.1	348.1
Total parking services revenue	415.4	402.6	829.9	800.2
Cost of parking services				
Lease contracts	130.2	124.0	256.0	254.6
Management contracts	47.2	51.4	103.8	112.1
	177.4	175.4	359.8	366.7
Reimbursed management contract expense	180.5	180.2	372.1	348.1
Total cost of parking services	357.9	355.6	731.9	714.8
Gross profit				
Lease contracts	20.7	11.7	25.7	19.6
Management contracts	36.8	35.3	72.3	65.8
Total gross profit	57.5	47.0	98.0	85.4
General and administrative expenses	22.5	22.1	43.7	46.7
Depreciation and amortization	4.8	9.8	11.4	19.0
Operating income	30.2	15.1	42.9	19.7
Other expenses (income)				
Interest expense	2.3	2.6	4.9	5.4
Interest income	(0.2)	(0.1)	(0.3)	(0.3)
Gain on sale of business	(0.1)	—	(0.1)	—
Equity in losses from investment in unconsolidated entity	0.2	0.3	0.4	0.8
Total other expenses (income)	2.2	2.8	4.9	5.9
Earnings before income taxes	28.0	12.3	38.0	13.8
Income tax expense	10.7	4.9	14.0	5.8
Net income	17.3	7.4	24.0	8.0
Less: Net income attributable to noncontrolling interest	1.1	0.9	1.8	1.5
Net income attributable to SP Plus Corporation	$ 16.2	$ 6.5	$ 22.2	$ 6.5
Common stock data				
Net income per common share				
Basic	$ 0.73	$ 0.29	$ 1.00	$ 0.29
Diluted	$ 0.72	$ 0.29	$ 0.98	$ 0.29
Weighted average shares outstanding				
Basic	22,190,421	22,344,898	22,178,143	22,336,693
Diluted	22,515,234	22,625,471	22,490,369	22,609,443

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended		Six Months Ended	
(millions) (unaudited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net income	$ 17.3	$ 7.4	$ 24.0	$ 8.0
Other comprehensive income (expense)	0.1	(0.2)	0.1	(0.3)
Comprehensive income	17.4	7.2	24.1	7.7
Less: Comprehensive income attributable to noncontrolling interest	1.1	0.9	1.8	1.5
Comprehensive income attributable to SP Plus Corporation	$ 16.3	$ 6.3	$ 22.3	$ 6.2

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Condensed Consolidated Statements of Cash Flows

	Six Months Ended	
(millions) (unaudited)	**June 30, 2017**	**June 30, 2016**
Operating activities		
Net income	$ 24.0	$ 8.0
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	11.8	18.9
Net accretion of acquired lease contracts	(0.5)	(1.0)
Loss (gain) on sale of equipment	0.1	(0.3)
Net equity in (earnings) losses of unconsolidated entities (net of distributions)	(9.5)	0.5
Gain on sale of business	(0.1)	—
Amortization of debt issuance costs	0.4	0.4
Amortization of original discount on borrowings	0.2	0.3
Non-cash stock-based compensation	2.0	2.1
Provisions for losses on accounts receivable	0.2	0.1
Deferred income taxes	(1.0)	1.0
Changes in operating assets and liabilities		
Notes and accounts receivable	0.5	(9.1)
Prepaid assets	3.1	(5.0)
Other assets	(0.6)	(1.9)
Accounts payable	(2.0)	8.0
Accrued liabilities	(1.2)	(0.7)
Net cash provided by operating activities	27.4	21.3
Investing activities		
Purchase of leasehold improvements and equipment	(3.5)	(8.6)
Proceeds from sale of equipment and contract terminations	0.6	2.9
Proceeds from equity method investee's sale of assets	8.4	—
Proceeds from sale of business	0.6	—
Cost of contracts purchased	(0.3)	(0.4)
Net cash provided by (used in) investing activities	5.8	(6.1)
Financing activities		
Payments on senior credit facility revolver (Restated Credit Facility)	(212.1)	(190.8)
Proceeds from senior credit facility revolver (Restated Credit Facility)	195.8	189.4
Payments on term loan (Restated Credit Facility)	(10.0)	(7.5)
Payments on other long-term borrowings	(0.2)	(0.2)
Distribution to noncontrolling interest	(1.4)	(2.0)
Payments of debt issuance costs and original discount on borrowings	(0.1)	(0.1)
Repurchase of Common Stock	—	(0.6)
Net cash used in financing activities	(28.0)	(11.8)
Effect of exchange rate changes on cash and cash equivalents	0.1	—
Increase in cash and cash equivalents	5.3	3.4
Cash and cash equivalents at beginning of period	22.2	18.7
Cash and cash equivalents at end of period	$ 27.5	$ 22.1
Supplemental disclosures		
Cash paid during the period for		
Interest	$ 4.3	$ 4.7
Income taxes, net	$ 8.9	$ 4.2

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Notes to Condensed Consolidated Financial Statements
(millions, except for share and per share data) (unaudited)

1. Significant Accounting Policies and Practices

The Company

SP Plus Corporation (the "Company") provides parking management, ground transportation and other ancillary services to commercial, institutional and municipal clients in urban markets and airports across the United States, Puerto Rico and Canada. These services include a comprehensive set of on-site parking management and ground transportation services, which include facility maintenance, training, scheduling and supervising all service personnel as well as providing customer service, marketing, and accounting and revenue control functions necessary to facilitate the operation of clients' facilities. The Company also provides a range of ancillary services such as airport shuttle operations, valet services, taxi and livery dispatch services, security services and municipal meter revenue collection and enforcement services.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and disclosures normally included in the Condensed Consolidated Balance Sheets, Statements of Income, Comprehensive Income and Cash Flows prepared in conformity with U.S. GAAP have been condensed or omitted as permitted by such rules and regulations.

In the opinion of management, all adjustments (consisting only of adjustments of a normal and recurring nature) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2017 are not necessarily indicative of the results that might be expected for any other interim period or the fiscal year ended December 31, 2017. The financial statements presented in this report should be read in conjunction with the Company's annual consolidated financial statements and notes thereto included in the Annual Report on Form 10-K filed on February 24, 2017.

Reclassifications

Certain reclassifications having no effect on the Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Comprehensive Income, Condensed Consolidated Balance Sheets, earnings per share, total assets, or total liabilities have been made to the previously issued Condensed Consolidated Statement of Cash Flows to conform to the current periods presentation of the Company's Condensed Consolidated Financial Statements. Specifically, the Company reclassified its equity in earnings (losses) of unconsolidated entities from Other assets within the changes in operating assets and liabilities of the operating activities section of the Condensed Consolidated Statements of Cash Flows to Net equity in (earnings) losses of unconsolidated entities (net of distributions), which is a separate line within the operating activities section of the Condensed Consolidated Statements of Cash Flows.

Cash and cash equivalents

Cash equivalents represent funds temporarily invested in money market instruments with maturities of three months or less. Cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements were $0.4 million and $0.3 million as of June 30, 2017 and December 31, 2016, respectively, and are included within Cash and cash equivalents within the Condensed Consolidated Balance Sheets.

Financial Instruments

The carrying values of cash, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. Book overdrafts of $30.0 million and $36.5 million are included within Accounts payable within the Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016, respectively. Long-term debt has a carrying value that approximates fair value because these instruments bear interest at variable market rates.

Equity Investments in Unconsolidated Entities

The Company has ownership interests in 31 active partnerships, joint ventures or similar arrangements that operate parking facilities, of which 23 are consolidated under the VIE or voting interest models and 8 are unconsolidated where the Company's ownership interests range from 30-50 percent and for which there are no indicators of control. The Company accounts for such investments under the equity method of accounting, and its underlying share of each investee's equity is included in Equity investments in unconsolidated entities within the Condensed Consolidated Balance Sheets. As the operations of these entities are consistent with the Company's underlying core business operations, the equity in earnings of these investments are included in Parking services revenue—Lease contracts within the Condensed Consolidated Statements of Income. The equity in earnings in these related

investments, which includes earnings of $8.5 million from for our proportionate share of the net gain of an equity method investees' sale of assets for the three and six months June 30, 2017, was $9.3 million and $0.5 million for the three months ended June 30, 2017 and 2016, respectively and $10.0 million, and $1.1 million for the six months ended June 30, 2017 and 2016, respectively.

In October 2014, the Company entered into an agreement to establish a joint venture with Parkmobile USA, Inc. (“Parkmobile USA”) and contributed all of the assets and liabilities of its proprietary Click and Park parking prepayment business in exchange for a 30 percent interest in the newly formed legal entity called Parkmobile, LLC (“Parkmobile”). The joint venture of Parkmobile provides on-demand and prepaid transaction processing for on- and off-street parking and transportation services. The contribution of the Click and Park business in the joint venture resulted in a loss of control of the business, and therefore it was deconsolidated from the Company’s financial statements. The Company accounts for its investment in the joint venture with Parkmobile using the equity method of accounting, and its underlying share of equity in Parkmobile is included in Equity investments in unconsolidated entities within the Condensed Consolidated Balance Sheets. The equity in losses in the Parkmobile joint venture is included in Equity in losses from investment in unconsolidated entity within the Condensed Consolidated Statements of Income.

Non-Controlling Interests

Noncontrolling interests represent the noncontrolling holders’ percentage share of income or losses from the subsidiaries in which the Company holds a majority, but less than 100 percent, ownership interest and the results of which are consolidated and included within the Condensed Consolidated Financial Statements.

Sale of Business

During the third quarter 2015, the Company signed an agreement to sell and subsequently sold portions of the Company’s security business primarily operating in the Southern California market to a third-party for a gross sales price of $1.8 million, which resulted in a gain on sale of business of $0.5 million, net of legal and other expenses. The assets under the sale agreement met the definition of a business as defined by ASU 805-10-55-4. Cash consideration received during the third quarter 2015, net of legal and other expenses, was $1.0 million, with the remaining consideration for the sale of the business being classified as contingent consideration. Per the sales agreement the contingent consideration was based on the performance of the business and retention of current customers over an eighteen-month period ending on February 2017. The contingent consideration was valued at fair value as of the date of sale of the business and resulted in the Company recognizing a contingent consideration receivable from the buyer in the amount of $0.5 million. The buyer had sixty days from February 2017 to calculate and remit the remaining consideration. The Company received $0.6 million for the final earn out consideration from the buyer during the second quarter of 2017, which resulted in the Company recognizing an additional gain on sale of business of $0.1 million for the three and six months ended June 30, 2017. See Note 6. *Fair Value Measurement* for the fair value of the contingent consideration receivable as of June 30, 2017 and December 31, 2016.

Interest Rate Swap Transactions

In October 2012, the Company entered into Interest Rate Swap transactions (collectively, the “Interest Rate Swaps”) with each of JPMorgan Chase Bank, N.A., Bank of America, N.A. and PNC Bank, N.A. in an initial aggregate Notional Amount of $150.0 million (the “Notional Amount”). The Interest Rate Swaps have a termination date of September 30, 2017. The Interest Rate Swaps effectively fix the interest rate on an amount of variable interest rate borrowings under the Company's credit agreements, originally equal to the Notional Amount at 0.7525% per annum plus the applicable margin rate for LIBOR loans under the Company's credit agreements, determined based upon the Company’s consolidated total debt to EBITDA ratio. The Notional Amount is subject to scheduled quarterly amortization that coincides with quarterly prepayments of principal under the Company's credit agreements. These Interest Rate Swaps are classified as cash flow hedges, and the Company assesses the effectiveness of the hedge on a monthly basis. The ineffective portion of the cash flow hedge is recognized in earnings as an increase of interest expense. As of June 30, 2017, no ineffectiveness of the hedge has been recognized in interest expense. See Note 6. *Fair Value Measurement* for the fair value of the interest rate swap as of June 30, 2017 and December 31, 2016.

The Company does not enter into derivative instruments for any purpose other than for cash flow hedging purposes.

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* ASU 2016-09 simplifies several aspects of the accounting for share-based payment award transactions and their presentation in the financial statements. The new guidance will require all income tax effects of awards to be recognized in the income statement when the awards vest or are settled, eliminating additional paid in capital ("APIC") pools. The guidance will also require companies to elect whether to account for forfeitures of share-based payments by (1) recognizing forfeitures of awards as they occur (e.g., when an award does not vest because the employee leaves the company) or (2) estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change, as is currently required. These and other requirements of ASU 2016-09 are effective for interim and annual reporting periods beginning after December 15, 2016.

The Company adopted the provisions of ASU 2016-09 in the first quarter of 2017. The impact to the Company's financial position, results of operations, cash flow and financial statement disclosures are as follows:

- On a modified retrospective basis, as allowed by ASU 2016-09, the Company elected to account for forfeitures of share-based awards as they occur. As a result, beginning retained earnings includes a $0.3 million adjustment related to the recognition of estimated forfeitures previously not recognized as expense by the Company as of December 31, 2016.
- The Company recognized excess tax benefits of $0.2 million and $0.6 million for the three and six months ended June 30, 2017, respectively, related to shares issued and settled with employees during the respective periods.
- ASU 2016-09 also requires the presentation of excess tax benefits on the statement of cash flows as an operating activity on either a prospective or retrospective basis. The Company elected to apply this guidance on a prospective basis. Prior periods have not been adjusted to reflect this adoption.
- There was no significant impact to diluted weighted average shares outstanding for purposes of calculating net income per common share-diluted for the three and six months ended June 30, 2017, as a result of the adoption.

In March 2016, the FASB issued ASU No. 2016-07, *Investments - Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to Equity Method of Accounting*, which eliminates the requirements to apply the equity method of accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. Under ASU 2016-08, the equity method of accounting should be applied prospectively from the date significant influence is obtained. The new standard also provides specific guidance for available-for-sale securities that become eligible for the equity method of accounting. In those cases, any unrealized gain or loss recorded within accumulated other comprehensive income should be recognized in earnings at the date the investment initially qualifies for the use of the equity method. The new standard is effective for interim and annual periods beginning after December 15, 2016. The Company adopted this standard as of January 1, 2017. The standard did not have an impact on the Company's financial position, results of operation, cash flows and financial statement disclosures.

In March 2016, the FASB issued ASU No. 2016-05, *Derivatives and Hedging (Topic 815)*: *Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*. The new guidance clarifies that a change in the counterparty to a derivative contract, in and of itself, does not require the dedesignation of a hedging relationship. An entity will, however, still need to evaluate whether it is probable that the counterparty will perform under contract as part of its ongoing effectiveness assessment for hedge accounting. Therefore, a novation of a derivative to a counterparty with a sufficiently high credit risk could still result in the dedesignation of the hedging relationship. ASU 2016-05 is effective in fiscal years beginning after December 15, 2016, including interim periods within those years. The Company adopted this standard as of January 1, 2017. The standard did not have an impact on the Company's financial position, results of operation, cash flows and financial statement disclosures.

Accounting Pronouncements to be Adopted

In May 2017, the FASB issued ASU No. 2017-10, *Determining the Customer of the Operation Services (Topic 853).* ASU 2017-10 clarifies how operating entities should determine the customer of operation services for transactions within the scope of ASC 853, *Service Concession (Topic 853).* The amendments in this update apply to the accounting by operating entities for service concession arrangements within the scope of Topic 853. US GAAP does not currently address how an operating entity should determine the customer of the operation services for transactions within the scope of Topic 853. The amendment eliminates diversity in practice by clarifying that the grantor is the customer of the operation services in all cases for those arrangements. The amendments in this update should be adopted at the same time as adoption of Topic 606, as defined further below. Early adoption is permitted. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other - Simplifying the Test for Goodwill Impairment (Topic 350)*. ASU 2017-04 eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 under current goodwill impairment test rules) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the Step 1 analysis under current guidance). The standard will be applied prospectively and is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019 for public business entities ("PBEs") that meet the definition of a Securities and Exchange Commission ("SEC") filer (i.e., for any impairment test performed by calendar-year entities in 2020). Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations - Clarifying the Definition of a Business (Topic 805)*. Under ASU 2017-01, an entity first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set is not a business. If it's not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Under current guidance, a business consists of (1)

inputs, (2) processes applied to those inputs and (3) the ability to create outputs. ASU 2017-01 is effective for PBE's for fiscal years beginning after December 15, 2017, and interim periods within those years. The ASU will be applied prospectively to any transactions occurring within the period of adoption. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows - Restricted Cash (Topic 230)*. ASU 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The guidance, which is based on a consensus of the Emerging Issues Task Force (EITF), is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments (Topic 230)*. ASU 2016-15 amends the guidance in ASC 230 related to the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of the ASU is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. The amendment adds or clarifies several statement of cash flow classification issues including: (i) debt prepayment or debt extinguishment costs, (ii) settlement of certain zero-coupon debt instruments, (iii) contingent consideration payments, (iv) proceeds from the settlement of insurance claims, (v) proceeds from the settlement of corporate-owned life insurance policies, (vi) distributions received from equity method investments, (vii) beneficial interest in securitization transactions, and (viii) separately identifiable cash flows and application of the predominance principle. The standard is effective for interim and annual reporting periods beginning after December 15, 2017. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Credit Losses - Measurement of Credit Losses on Financial Instruments (Topic 326)*. The standard significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For available-for-sale debt securities, entities will be required to record allowances rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The standard is effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-2 requires lessees to move most leases to the balance sheet and recognize expense, similar to current accounting guidance, on the income statement. Additionally, the classification criteria and the accounting for sales-type and direct financing leases is modified for lessors. Under ASU 2016-2, all entities will classify leases to determine: (i) lease-related revenue and expense and (ii) for lessors, amount recorded on the balance sheet. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, with full retrospective application being prohibited. ASU 2016-2 is effective for interim and annual reporting periods beginning after December 15, 2018. These and other changes to accounting for leases under ASU 2016-2 are currently being evaluated by the Company for impacts to the Company's financial position, results of operations, cash flows and financial statement disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-1 amends various areas of the accounting for financial instruments. Key provisions of the amendment currently being evaluated by the Company require (i) equity investments to be measured at fair value (except those accounted for under the equity method), (ii) the simplification of equity investment impairment determination, (iii) certain changes to the fair value measurement of financial instruments measured at amortized cost, (iv) the separate presentation, in other comprehensive income, of the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (given certain conditions), and (v) the evaluation for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the Company's other deferred tax assets. ASU 2016-1 is effective for interim and annual reporting periods beginning after December 15, 2017. These provisions and others of ASU 2016-1 are currently being assessed by the Company for impacts on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Since the release of ASU 2014-9, the FASB has issued the following additional ASUs updating the topic:

- In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*
- In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*

- In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net).*
- In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*

Collectively these standards create new accounting guidance for revenue recognition that supersedes most existing revenue recognition rules, including most industry specific revenue recognition guidance. The core principle of the guidance is 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 and services. Topic 606 also provides new guidance on the recognition of certain costs related to customer contracts, and changes the FASB guidance for revenue-related issues, such as how an entity is required to consider whether revenue should be reported gross or net basis. The amendments are effective for fiscal years and interim periods within those fiscal years beginning on or after December 15, 2017.

The Company's process for implementing Topic 606 includes, but is not limited to, identifying contracts within the scope of the standard, identifying distinct performance obligations within each contract, and applying the new guidance for measuring and recognizing revenue, to each performance obligation. The Company expects to complete the assessment in the second half of 2017, which will include an evaluation of the impact of adopting the guidance either through the modified-retrospective method or full retrospective method.

2. Legal and Other Commitments and Contingencies

The Company is subject to claims and litigation in the normal course of its business. The Company applies the provisions as defined in the guidance related to accounting for contingencies in determining the recognition and measurement of potential liabilities associated with legal claims against the Company. Management uses guidance from internal and external legal counsel on the potential outcome of litigation in determining the need to record liabilities for potential losses and the disclosure of pending legal claims.

Contracts Acquired in the Central Merger

Certain lease contracts acquired in the Central Merger (as defined below) include provisions allocating to the Company responsibility for the cost of certain structural and other repairs required to be made to the leased property, including improvement and repair costs arising as a result of ordinary wear and tear. The Company recorded nil and $0.1 million of costs for the three months ended June 30, 2017 and 2016, respectively, and $0.1 million and $0.3 million for the six months ended June 30, 2017 and 2016, respectively, (net of expected recoveries of the total cost recognized by the Company through the applicable indemnity discussed further below and in Note 3. *Central Merger and Restructuring, Merger and Integration Costs*) in Cost of parking services—Lease contracts within the Condensed Consolidated Statements of Income for structural and other repair costs related to certain lease contracts acquired in the Central Merger, whereby the Company has expensed repair costs for certain leases and engaged third-party general contractors to complete certain structural and other repair projects, and other indemnity related costs. The Company expects to incur additional costs for certain structural and other repair costs pursuant to the contractual requirements of certain lease contracts acquired in the Central Merger ("Structural and Repair Costs"). Based on information available at this time, the Company currently expects to incur additional Structural and Repair Costs of $0.1 million. While the Company is unable to estimate with certainty when such remaining costs will be incurred, it is expected that a substantial majority of these costs will be incurred in mid- to late calendar year 2017. Additionally and as further described in Note 3. *Central Merger and Restructuring, Merger and Integration Costs,* the Company settled all outstanding matters between the former Central stockholders and the Company and is therefore unable to recover any additional Structural and Repair Costs yet to be incurred by the Company through the indemnity.

Holten Settlement

In March 2010, John V. Holten, a former indirect controlling shareholder of the Company, filed a lawsuit against the Company in the United States District Court, District of Connecticut. Mr. Holten was terminated as the Company's chairman in October 2009. The lawsuit alleged breach of his employment agreement and claimed that the agreement entitled Mr. Holten to payments worth more than $3.8 million. The Company filed an answer and counterclaim to Mr. Holten's lawsuit in 2010.

In March 2016, the Company and Mr. Holten settled all claims in connection with the original lawsuits ("Holten Settlement"). Per the settlement, the Company paid Mr. Holten $3.4 million, of which $1.9 million was recovered by the Company through the Company's directors and officer's liability insurance policies. The Company recognized an expense, net of insurance recoveries, related to the Holten Settlement of $1.5 million for the six months ended June 30, 2016.

3. Central Merger and Restructuring, Merger and Integration Costs

On October 2, 2012 ("Closing Date"), the Company completed the acquisition (the "Central Merger" or "Merger") of 100% of the outstanding common shares of KCPC Holdings, Inc., which was the ultimate parent of Central Parking Corporation (collectively, "Central"), for 6,161,332 shares of Company common stock and the assumption of approximately $217.7 million of Central's debt, net of cash acquired. Additionally, the Agreement and Plan of Merger dated February 28, 2012 with respect to the Central Merger ("Merger Agreement") provided that Central's former stockholders were entitled to receive cash consideration (the "Cash Consideration") in the amount equal to $27.0 million plus, if and to the extent the Net Debt Working Capital (as defined below) was less than $275.0 million (the "Lower Threshold") as of September 30, 2012, the amount by which the Net Debt Working Capital was below such amount (such sum, the "Cash Consideration Amount") to be paid three years after closing, to the extent the $27.0 million was not used to satisfy indemnity obligations pursuant to the Merger Agreement.

Pursuant to the Merger Agreement, the Company was entitled to indemnification from Central's former stockholders (i) if and to the extent Central's combined net debt and the absolute value of Central's working capital (as determined in accordance with the Merger Agreement) (the "Net Debt Working Capital") exceeded $285.0 million (the "Upper Threshold") as of September 30, 2012 and (ii) for certain defined adverse consequences as set forth in the Merger Agreement (including with respect to Structural and Repair Costs). Pursuant to the Merger Agreement, Central's former stockholders were required to satisfy certain indemnity obligations, which were capped at the Cash Consideration Amount (the "Capped Items") only through a reduction of the Cash Consideration. For certain other indemnity obligations set forth in the Merger Agreement, which were not capped at the Cash Consideration Amount (the "Uncapped Items"), including the Net Debt Working Capital indemnity obligations described above, Central's former stockholders had the ability to satisfy any amount payable pursuant to such indemnity obligations as follows (provided that the Company reserves the right to reject the cash and stock alternatives available to the Company and choose to reduce the Cash Consideration):

- Central's former stockholders could elect to pay such amount with cash;
- Central's former stockholders could elect to pay such amount with the Company's common stock (valued at $23.64 per share, the market value as of the closing date of the Merger Agreement); or
- Central's former stockholders could elect to reduce the $27.0 million cash consideration by such amount, subject to the condition that the cash consideration remains at least $17.0 million to cover Capped Items.

Following the Closing Date, the Company and Central's former stockholders exchanged notices regarding indemnification matters, including with respect to the calculation of Net Debt Working Capital, and the Company made adjustments for known matters as they arose, although Central’s former stockholders may not have agreed to the aggregate of such adjustments made by the Company. During such time, Central’s former stockholders continually requested additional documentation supporting the Company’s indemnification claims, including with respect to the Company’s calculation of Net Debt Working Capital. Furthermore, following the Company's notices of indemnification matters, the representative of Central's former stockholders indicated that they might make additional inquiries and raise issues with respect to the Company's indemnification claims (including, specifically, as to Structural and Repair Costs) and that they might assert various claims of their own relating to the Merger Agreement.

In early 2015, the Company and Central’s former stockholders engaged an independent public accounting firm for ultimate resolution, through binding arbitration, regarding their dispute as to the Company’s calculation of Net Debt Working Capital.

On February 19, 2016, the Company and Central’s former stockholders received a non-appealable and binding decision from the independent public accounting firm indicating that Net Debt Working Capital as of September 30, 2012 was $291.6 million, or $6.6 million above the Upper Threshold. Furthermore, as part of the independent public accounting firm’s decision over the calculation of Net Debt Working Capital as of September 30, 2012, it was determined by the independent public accounting firm and the Company that $1.5 million of Net Debt Working Capital claims were more appropriately claimable as an adverse consequence indemnification claim, as defined in the Merger Agreement. As such and in conjunction with the independent public accounting firm’s decision on Net Debt Working Capital, the Company (i) reclassified $1.5 million of indemnification claims from the Net Debt Working Capital calculation to indemnification claims for certain adverse consequences; and (ii) recognized an expense of $1.6 million ($0.9 million, net of tax) in General and administrative expenses for certain of the other amounts disallowed under the Net Debt Working Capital calculation as of and for the year ended December 31, 2015 respectively. The independent public accounting firm also determined that an additional $1.6 million of Net Debt Working Capital claims were disallowed; however, these Net Debt Working Capital amounts claimed by the Company were not previously recognized by the Company as a cost recovery given their contingent nature and since these claims were not previously recognized as an expense by the Company, and therefore the independent public accounting firm’s decision to disallow these claims had no impact to the Company's consolidated financial statements as of and for the year ended December 31, 2015.

On March 11, 2016, the Company provided notification to Central's former stockholders of an additional indemnity claim for $1.6 million and further provided notification that its indemnity claims for certain defined adverse consequences aggregated to $26.5 million. The additional $1.6 million of indemnity claim made by the Company in the March 11, 2016 letter was not recognized as a cost recovery given the contingent nature and since this claim was not previously recognized by the Company as an expense.

As previously discussed in Note 2. *Legal and Other Commitments and Contingencies*, certain lease contracts acquired in the Central Merger include provisions allocating to the Company responsibility for all or a defined portion of the costs of certain structural and

other repair costs required on the property, including improvement and repair costs arising as a result of ordinary wear and tear. The Company reduced the Cash Consideration Amount by $6.6 million, representing the amount Net Debt Working Capital exceeded the Upper Threshold, and $18.8 million, representing the amount of indemnified claims for certain adverse consequences (including but not limited to Structural and Repair Costs) recognized by the Company as of September 30, 2016. Additionally, the Company submitted $7.7 million of additional indemnity claims for certain adverse consequences (including but not limited to Structural and Repair Costs) to Central's former stockholders, including claims as set for in the March 11, 2016 letter, but did not recognize these indemnity claims as a receivable or offset to the Cash Contingent Amount with a corresponding gain or reduction of costs incurred by the Company, as these claims were contingent in nature or represented costs which the Company had not yet incurred but which met the requirements of the indemnification provisions established in the Merger Agreement.

On September 27, 2016, the Company and Central's former stockholders agreed-upon non-binding terms to settle all outstanding matters between the parties relating to the Central Merger ("Settlement Terms") and on December 15, 2016 the Company and Central's former stockholders executed a settlement agreement ("Settlement Agreement") to settle all outstanding matters between the parties relating to the Central Merger (including the Company's claims as described above). Pursuant to the Settlement Agreement, the Company paid Central's former stockholders $2.5 million in aggregate, which effectively reduced the $27.0 million of Cash Consideration that would have been payable by the Company to Central's former stockholders under the Merger Agreement by $24.5 million. As a result of the Settlement Terms, the Company recorded $0.8 million ($0.5 million, net of tax) in General and administrative expense within the Condensed Consolidated Statements of Income in the third quarter 2016. Additionally and pursuant to the Settlement Agreement, the parties fully released one another from claims relating to the Central Merger, and therefore the Company has no further obligation to pay any additional Cash Consideration Amount to Central's former stockholders.

Restructuring, Merger and Integration Costs

Since the Central Merger, the Company has incurred certain restructuring, acquisition and integration costs associated with the transaction that were expensed as incurred, which includes:

- costs (primarily severance and relocation costs) related to a series of Company initiated workforce reductions to increase organizational effectiveness and provide cost savings that can be reinvested in the Company's growth initiatives during 2016 and second quarter 2017 (included within General and administrative expenses within the Condensed Consolidated Statements of Income);
- costs related to the Selling Stockholders' underwritten public offerings of common stock of the Company incurred during the second quarter of 2017 (included within General and administrative expenses within the Condensed Consolidated Statements of Income); and
- costs related to the write-off of certain fixed assets and the acceleration of certain software assets directly as a result of the Central Merger (included within Depreciation and amortization within the Condensed Consolidated Statements of Income).

An accrual for restructuring, merger and integration costs of $4.1 million (of which $3.0 million is included in Compensation and payroll withholdings, $0.3 million in Accrued expenses and $0.8 million in Other long-term liabilities within the Condensed Consolidated Balance Sheets) and $5.4 million (of which $3.6 million is included in Compensation and payroll withholdings, $0.3 million in Accrued expenses and $1.5 million in Other long-term liabilities within the Condensed Consolidated Balance Sheets) as of June 30, 2017 and December 31, 2016, respectively.

The aggregate costs associated with the restructuring, merger and integration costs are summarized in the following table:

	Three Months Ended		**Six Months Ended**	
(millions) (unaudited)	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
General and administrative expenses	$ 1.0	$ 0.1	$ 1.1	$ 0.9
Depreciation and amortization	—	1.4	—	2.4
Total	$ 1.0	$ 1.5	$ 1.1	$ 3.3

4. Other Intangible Assets, net

The following presents a summary of other intangible assets, net:

		June 30, 2017 (unaudited)			December 31, 2016		
(millions)	Weighted Average Life (Years)	Acquired Intangible Assets, Gross (1)	Accumulated Amortization	Acquired Intangible Assets, Net	Acquired Intangible Assets, Gross (1)	Accumulated Amortization	Acquired Intangible Assets, Net
Covenant not to compete	1.8	$ 0.9	$ (0.9)	$ —	$ 0.9	$ (0.9)	$ —
Trade names and trademarks	2.3	9.8	(9.7)	0.1	9.8	(9.6)	0.2
Proprietary know how	2.3	34.7	(34.5)	0.2	34.7	(32.6)	2.1
Management contract rights	11.6	81.0	(24.5)	56.5	81.0	(22.0)	59.0
Acquired intangible assets, net (2)	11.6	$ 126.4	$ (69.6)	$ 56.8	$ 126.4	$ (65.1)	$ 61.3

(1) Excludes the original cost and accumulated amortization of fully amortized intangible assets.
(2) Intangible assets have estimated useful lives between one and nineteen years.

	Three Months Ended		Six Months Ended	
(millions) (unaudited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Amortization expense related to other intangible assets included in depreciation and amortization	$ 1.3	$ 3.8	$ 4.5	$ 7.6

5. Goodwill

The amounts for goodwill and changes to carrying value by operating segment are as follows:

(millions) (unaudited)	Region One	Region Two	Total
Balance as of December 31, 2016 (1)	$ 368.7	$ 62.7	$ 431.4
Foreign currency translation	0.2	—	0.2
Balance as of June 30, 2017	$ 368.9	$ 62.7	$ 431.6

(1) Due to the new segment reporting effective in the first quarter of 2017, goodwill allocated to previous reporting units of Region One and Region Three have been aggregated into a single operating segment, Region One. See also Note 14. *Business Unit Segment Information* for further discussion on certain organizational and executive leadership changes.

The Company tests goodwill at least annually for impairment (the Company has elected to annually test for potential impairment of goodwill on the first day of the fourth quarter) and tests more frequently if indicators are present or changes in circumstances suggest that impairment may exist. The indicators include, among others, declines in sales, earnings or cash flows or the development of a material adverse change in business climate. The Company assesses goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component.

Due to a change in the Company's segment reporting effective in the first quarter of 2017, the goodwill allocated to certain previous reporting units have been aggregated into a single operating segment. See also Note 14. *Business Unit Segment Information* for further disclosure on the Company's change in reporting segments effective in the first quarter of 2017.

As a result of the change in internal reporting segment information, the Company completed an interim quantitative impairment analysis (Step One) for goodwill as of January 1, 2017 and concluded that the estimated fair values of each of the Company's reporting units exceeded its carrying amount of net assets assigned to the respective reporting unit as of January 1, 2017 and immediately prior to the reorganization and therefore no further testing was required (Step Two). In conducting the January 1, 2017 goodwill Step One analysis, the Company analyzed actual and projected growth trends of the reporting units, gross margin, operating expenses and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") (which also includes forecasted five-year income statement and working capital projection, a market-based weighted average cost of capital and terminal values after five years). The Company also assesses critical areas that may impact its business including economic conditions, market related exposures, competition, changes in service offerings and changes in key personnel. As part of the January 1, 2017 goodwill assessment, the Company engaged a third-party to evaluate its reporting units' fair values. No impairment was recorded as a result of the interim goodwill impairment test performed.

6. Fair Value Measurement

Fair Value Measurements-Recurring Basis

In determining fair value, the Company uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. Applicable accounting literature establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is based on observable or unobservable inputs to valuation techniques that are used to measure fair value. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions. Applicable accounting literature defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable and market-corroborated inputs, which are derived principally from or corroborated by observable market data.
- Level 3: Inputs that are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis and the basis of measurement at June 30, 2017 and December 31, 2016:

	Fair Value Measurement					
	June 30, 2017 (unaudited)			December 31, 2016		
(millions)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Prepaid expenses and other						
Contingent consideration receivable	$ —	$ —	$ —	$ —	$ —	$ 0.5
Interest rate swap	—	0.1	—	—	0.1	—
Total	$ —	$ 0.1	$ —	$ —	$ 0.1	$ 0.5

Interest Rate Swaps

The Company seeks to minimize risks from interest rate fluctuations through the use of interest rate swap contracts and hedge only exposures in the ordinary course of business. Interest rate swaps are used to manage interest rate risk associated with our floating rate debt. The Company accounts for its derivative instruments at fair value, provided it meets certain documentary and analytical requirements to qualify for hedge accounting treatment. Hedge accounting creates the potential for an income statement match between the changes in fair values of derivatives and the changes in cost of the associated underlying transactions, in this case interest expense. Derivatives held by us are designated as hedges of specific exposures at inception, with an expectation that changes in the fair value will essentially offset the change in the underlying exposure. Discontinuance of hedge accounting is required whenever it is subsequently determined that an underlying transaction is not going to occur, with any gains or losses recognized in the Consolidated Statements of Income at such time, with any subsequent changes in fair value recognized currently in earnings. Fair values of derivatives are determined based on quoted prices for similar contracts. The effective portion of the change in fair value of the interest rate swap is reported in Accumulated other comprehensive income, a component of Stockholders' equity, and is being recognized as an adjustment to interest expense or other (expense) income, respectively, over the same period the related expenses are recognized in earnings. Ineffectiveness would occur when changes in the market value of the hedged transactions are not completely offset by changes in the market value of the derivative, and those related gains and losses on derivatives representing hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized currently in earnings when incurred. No ineffectiveness was recognized during the six months ended June 30, 2017 and 2016.

Contingent Consideration Receivable

During the third quarter 2015, certain assets, which met the definition of a business, were sold to a third-party in an arms-length transaction (see also Note 1. *Significant Accounting Policies and Practices* for further detail on the sale of the business). Under the sales agreement, 40% of the sale proceeds from the buyer was contingent in nature and scheduled to be received by the Company within sixty days of February 2017 or eighteen months from the date of the transaction; however, the buyer had sixty days from February 2017 to calculate and remit the remaining consideration, with the contingent consideration being based on financial and operational performance of the business sold. During the second quarter 2017, the Company received $0.6 million from the buyer for the final earn out consideration, which resulted in the Company recognizing an additional gain on sale of business of $0.1 million. The significant inputs historically used to derive the Level 3 fair value contingent consideration receivable was the

probability of reaching certain revenue growth of the business sold and retention of current customers over an eighteen month period. The fair value of the contingent receivable was $0.5 million as of December 31, 2016. There was no fair value of the contingent consideration receivable as of June 30, 2017.

Nonrecurring Fair Value Measurements

Certain assets are measured at fair value on a nonrecurring basis; that is, the assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). Non-financial assets such as goodwill, intangible assets, and leasehold improvements, equipment and construction in progress are subsequently measured at fair value when there is an indicator of impairment and recorded at fair value only when impairment is recognized. The Company assesses the impairment of intangible assets annually or whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. The fair value of its goodwill and intangible assets is not estimated if there is no change in events or circumstances that indicate the carrying amount of an intangible asset may not be recoverable. There were no impairment charges for the six months ended June 30, 2017 and 2016.

Financial Instruments Not Measured at Fair Value

The following presents the carrying amounts and estimated fair values of financial instruments not measured at fair value in the Condensed Consolidated Balance Sheets at June 30, 2017 and December 31, 2016:

	June 30, 2017 (unaudited)		**December 31, 2016**	
(millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Cash and cash equivalents	$ 27.5	$ 27.5	$ 22.2	$ 22.2
Long-term borrowings				
Restated Credit Facility, net of original discount on borrowings and deferred financing costs	$ 167.7	$ 167.7	$ 193.4	$ 193.4
Other obligations	1.5	1.5	1.7	1.7

The carrying value of cash and cash equivalents approximates their fair value due to the short-term nature of these financial instruments and has been classified as a Level 1. The fair value of the Senior Credit Facility and Other obligations were estimated to not be materially different from the carrying amount and are generally measured using a discounted cash flow analysis based on current market interest rates for similar types of financial instruments and would be classified as a Level 2.

7. Borrowing Arrangements

Long-term borrowings, in order of preference, consist of:

		Amount Outstanding	
(millions)	**Maturity Date**	**June 30, 2017**	**December 31, 2016**
		(unaudited)	
Restated Credit Facility, net of original discount on borrowings and deferred financing costs	February 20, 2020	$ 167.7	$ 193.4
Other borrowings	Various	1.5	1.7
Total obligations under Restated Credit Facility and other borrowings		169.2	195.1
Less: Current portion of obligations under Restated Credit Facility and other borrowings		20.4	20.4
Total long-term obligations under Restated Credit Facility and other borrowings		$ 148.8	$ 174.7

Senior Credit Facility

On October 2, 2012, the Company entered into a credit agreement (“Credit Agreement”) with Bank of America, N.A. ("Bank of America"), as administrative agent, Wells Fargo Bank, N.A. ("Wells Fargo Bank") and JPMorgan Chase Bank, as co-syndication agents, U.S. Bank National Association, First Hawaiian Bank and General Electric Capital Corporation, as co-documentation agents, Merrill Lynch, Pierce, Fenner & Smith Inc., Wells Fargo Securities, LLC and J.P. Morgan Securities LLC, as joint lead arrangers and joint book managers, and the lenders party thereto.

Pursuant to the terms, and subject to the conditions, of the Credit Agreement, the Lenders made available to the Company a secured senior credit facility (the “Senior Credit Facility”) that permitted aggregate borrowings of $450.0 million consisting of (i) a revolving credit facility of up to $200.0 million at any time outstanding, which included a letter of credit facility that was limited to $100.0 million

at any time outstanding, and (ii) a term loan facility of $250.0 million. The Senior Credit Facility was originally due to mature on October 2, 2017.

Amended and Restated Credit Facility

On February 20, 2015 (“Restatement Date”), the Company entered into an Amended and Restated Credit Agreement (the “Restated Credit Agreement”) with Bank of America, N.A. (“Bank of America”), as administrative agent, an issuing lender and swing-line lender; Wells Fargo Bank, N.A., as an issuing lender and syndication agent; U.S. Bank National Association, First Hawaiian Bank and BMO Harris Bank N.A., as co-documentation agents; Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as joint lead arrangers and joint book managers; and the lenders party thereto (the “Lenders”). The Restated Credit Agreement reflects modifications to, and an extension of, the Senior Credit Facility.

Pursuant to the terms, and subject to the conditions, of the Restated Credit Agreement, the Lenders have made available to the Company a senior secured credit facility (the “Restated Credit Facility”) that permits aggregate borrowings of $400.0 million consisting of (i) a revolving credit facility of up to $200.0 million at any time outstanding, which includes a $100.0 million sublimit for letters of credit and a $20.0 million sublimit for swing-line loans, and (ii) a term loan facility of $200.0 million (reduced from $250.0 million under the Senior Credit Facility). The Company may request increases of the revolving credit facility in an aggregate additional principal amount of $100.0 million. The Restated Credit Facility matures on February 20, 2020.

The entire amount of the term loan portion of the Restated Credit Facility had been drawn by the Company as of the Restatement Date (including approximately $10.4 million drawn on such date) and is subject to scheduled quarterly amortization of principal as follows: (i) $15.0 million in the first year, (ii) $15.0 million in the second year, (iii) $20.0 million in the third year, (iv) $20.0 million in the fourth year, (v) $20.0 million in the fifth year and (vi) $110.0 million in the sixth year. The Company also had outstanding borrowings of $147.3 million (including $53.4 million in letters of credit) under the revolving credit facility as of the Restatement Date.

Borrowings under the Restated Credit Facility bear interest, at the Company’s option, (i) at a rate per annum based on the Company’s consolidated total debt to EBITDA ratio for the 12-month period ending as of the last day of the immediately preceding fiscal quarter, determined in accordance with the pricing levels set forth in the Restated Credit Agreement (the “Applicable Margin”), plus LIBOR or (ii) the Applicable Margin plus the highest of (x) the federal funds rate plus 0.5%, (y) the Bank of America prime rate and (z) a daily rate equal to LIBOR plus 1.0% (the highest of (x), (y) and (z), the “Base Rate”), except that all swing-line loans will bear interest at the Base Rate plus the Applicable Margin.

Under the terms of the Restated Credit Agreement, the Company is required to maintain a maximum consolidated total debt to EBITDA ratio of not greater than 4.0 to 1.0 as of the end of any fiscal quarter ending during the period from the Amended and Restatement Date through September 30, 2015, (ii) 3.75 to 1.0 as of the end of any fiscal quarter ending during the period from October 1, 2015 through September 30, 2016, and (iii) 3.5 to 1.0 as of the end of any fiscal quarter ending thereafter. In addition, the Company is required to maintain a minimum consolidated fixed charge coverage ratio of not less than 1.25:1.0.

Events of default under the Restated Credit Agreement include failure to pay principal or interest when due, failure to comply with the financial and operational covenants, the occurrence of any cross default event, non-compliance with the other loan documents, the occurrence of a change of control event, and bankruptcy and other insolvency events. If an event of default occurs and is continuing, the Lenders holding a majority of the commitments and outstanding term loan under the Restated Credit Agreement have the right, among others, to (i) terminate the commitments under the Restated Credit Agreement, (ii) accelerate and require the Company to repay all the outstanding amounts owed under the Restated Credit Agreement and (iii) require the Company to cash collateralize any outstanding letters of credit.

Each wholly owned domestic subsidiary of the Company (subject to certain exceptions set forth in the Restated Credit Agreement) has guaranteed all existing and future indebtedness and liabilities of the other guarantors and the Company arising under the Restated Credit Agreement. The Company’s obligations under the Restated Credit Agreement and such domestic subsidiaries’ guaranty obligations are secured by substantially all of their respective assets.

The Company was in compliance with all covenants as of June 30, 2017.

As of June 30, 2017, the Company had $118.6 million of borrowing availability under the Restated Credit Agreement, of which the Company could have borrowed $118.6 million on June 30, 2017 and remained in compliance with the above described covenants as of such date. The additional borrowing availability under the Restated Credit Agreement is limited only as of the Company’s fiscal quarter-end by the covenant restrictions described above. At June 30, 2017, the Company had $71.4 million of letters of credit outstanding under the Restated Senior Credit Facility, with aggregate borrowings against the Restated Senior Credit Facility of $170.0 million (excluding debt discount of $1.0 million and deferred financing cost of $1.3 million).

8. Share Repurchase Plan

In May 2016, the Company's Board of Directors authorized the Company to repurchase, on the open market, shares of its outstanding common stock in an amount not to exceed $30.0 million in aggregate. Purchases of the Company's common stock may be made in open market transactions effected through a broker-dealer at prevailing market prices, in block trades, or by other means in accordance with Rule 10b-18 and 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act"). The share repurchase program does not obligate the Company to repurchase any particular amount of common stock, and has no fixed termination date.

Under this program, the Company has repurchased 305,183 shares of common stock through June 30, 2017 at an average price of $24.43 per share, resulting in $7.5 million in program-to-date purchases. No shares were repurchased during the six months ended June 30, 2017.

9. Bradley Agreement

The Company entered into a 25-year agreement with the State of Connecticut (“State”) that expires on April 6, 2025, under which it operates the surface parking and 3,500 garage parking spaces at Bradley International Airport (“Bradley”) located in the Hartford, Connecticut metropolitan area.

The parking garage was financed through the issuance of State of Connecticut special facility revenue bonds and provides that the Company deposits, with the trustee for the bondholders, all gross revenues collected from operations of the surface and garage parking. From these gross revenues, the trustee pays debt service on the special facility revenue bonds outstanding, operating and capital maintenance expense of the surface and garage parking facilities, and specific annual guaranteed minimum payments to the State. Principal and interest on the Bradley special facility revenue bonds increase from approximately $3.6 million in contract year 2002 to approximately $4.5 million in contract year 2025. Annual guaranteed minimum payments to the State increase from approximately $8.3 million in contract year 2002 to approximately $13.2 million in contract year 2024. The annual minimum guaranteed payment to the State by the trustee for the twelve months ended December 31, 2017 and 2016 is $11.5 million and was $11.3 million, respectively. All of the cash flow from the parking facilities are pledged to the security of the special facility revenue bonds and are collected and deposited with the bond trustee. Each month the bond trustee makes certain required monthly distributions, which are characterized as “Guaranteed Payments.” To the extent the monthly gross receipts generated by the parking facilities are not sufficient for the trustee to make the required Guaranteed Payments, the Company is obligated to deliver the deficiency amount to the trustee, with such deficiency payments representing interest bearing advances to the trustee. The Company does not directly guarantee the payment of any principal or interest on any debt obligations of the State of Connecticut or the trustee.

The following is the list of Guaranteed Payments:

- Garage and surface operating expenses,
- Principal and interest on the special facility revenue bonds,
- Trustee expenses,
- Major maintenance and capital improvement deposits; and
- State minimum guarantee.

To the extent sufficient funds are available, the trustee is then directed to reimburse the Company for deficiency payments up to the amount of the calculated surplus, with the Company having the right to be repaid the principal amount of any and all deficiency payments, together with actual interest and premium, not to exceed 10% of the initial deficiency payment. The Company calculates and records interest and premium income along with deficiency principal repayments as a reduction of cost of parking services in the period the associated deficiency repayment is received from the trustee. The Company believes these advances to be fully recoverable as the Bradley Agreement places no time restriction on the Company’s right to reimbursement. The reimbursement of principal, interest and premium will be recognized when received.

The total deficiency repayments (net of payments made) to the State as of June 30, 2017 (unaudited) were as follows:

(millions)		2017
Balance at December 31, 2016	$	9.9
Deficiency payments made		0.1
Deficiency repayment received		(1.3)
Balance at June 30, 2017	$	8.7

The total deficiency repayments (net of payments made), interest and premium received and recorded for the six months ended June 30, 2017 and 2016 were as follows:

	Three Months Ended		Six Months Ended	
(millions) (unaudited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Deficiency repayments	$ 1.1	$ 1.1	$ 1.2	$ 1.2
Interest	$ 0.2	$ —	$ 0.2	$ 0.1
Premium	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Deficiency payments made are recorded as an increase in Cost of parking services and deficiency repayments, interest and premium received are recorded as reductions to Cost of parking services. The reimbursement of principal, interest and premium are recognized when received. There were no amounts of estimated deficiency payments accrued as of June 30, 2017 and December 31, 2016, as the Company concluded that the potential for future deficiency payments did not meet the criteria of both probable and estimable.

In addition to the recovery of certain general and administrative expenses incurred, the Bradley Agreement provides for an annual management fee payment, which is based on operating profit tiers. The annual management fee is further apportioned 60% to the Company and 40% to an un-affiliated entity and the annual management fee will be paid to the extent funds are available for the trustee to make a distribution, and are paid after Guaranteed Payments (as defined in the Bradley Agreement), and after the repayment of all deficiency payments, including interest and premium. Cumulative management fees of approximately $17.2 million and $16.7 million have not been recognized as of June 30, 2017 and December 31, 2016, respectively, and no management fees were recognized as revenue for the six months ended June 30, 2017 and 2016.

10. Stock-Based Compensation

Stock Grants

There were 16,428 and 32,180 authorized vested stock grants to certain directors for the six months ended June 30, 2017 and 2016, respectively.

The table below shows the Company's stock-based compensation expense related to the vested stock grants for the three and six months ended June 30, 2017 and 2016, respectively and is included in General and administrative expenses within the Condensed Consolidated Statements of Income.

	Three Months Ended		Six Months Ended	
(millions) (unadited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Stock-based compensation expense	$ 0.5	$ 0.7	$ 0.5	$ 0.7

Restricted Stock Units

During the six months ended June 30, 2017, no restricted stock units were authorized by the Company. During the six months ended June 30, 2017 and 2016, 4,399, and 1,415 restricted stock units vested, respectively. During the six months ended June 30, 2017 and 2016, 4,537 and 4,124, respectively, restricted stock units were forfeited under the Company's Amended and Restated Long Term Incentive Plan and became available for reissuance.

The table below shows the Company's stock-based compensation expense related to the restricted stock units for the three and six months ended June 30, 2017 and 2016, respectively, and is included in General and administrative expenses within the Condensed Consolidated Statements of Income.

	Three Months Ended		Six Months Ended	
(millions) (unaudited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Stock-based compensation expense	$ 0.2	$ 0.2	$ 0.4	$ 0.4

As of June 30, 2017, there was $1.3 million of unrecognized stock-based compensation costs related to the restricted stock units that are expected to be recognized over a weighted average remaining period of approximately 2.5 years.

Performance Share Units

In September 2014, the Board of Directors authorized a performance-based incentive program under the Company's Amended and Restated Long-Term Incentive Plan ("Performance-Based Incentive Program"), whereby the Company will issue performance share units to certain executive management individuals that represent shares potentially issuable in the future. The objective of the Performance-Based Incentive Program is to link compensation to business performance, encourage ownership of Company stock, retain executive talent, and reward executive performance. The Performance-Based Incentive Program provides participating executive management individuals with the opportunity to earn vested common stock if certain performance targets for pre-tax free cash flow are achieved over a three year performance period and recipients satisfy service-based vesting requirements. The stock-based compensation expense associated with unvested performance share units are recognized on a straight-line basis over the shorter of the vesting period or minimum service period and dependent upon the probable outcome of the number of shares that will ultimately be issued based on the achievement of pre-tax free cash flow over the cumulative three years year period. During the six months ended June 30, 2017 and 2016, the Company granted 76,120 and 94,780 performance share units to certain individuals within executive management. During the six months ended June 30, 2017 and 2016, 11,770 and 4,493, performance share units were forfeited under the Amended and Restated Long-Term Incentive Plan and became available for reissuance. As of June 30, 2017, 14,195 shares were vested related to certain participating executives being eligible for retirement.

The table below shows the Company's stock-based compensation expense related to the Performance-Based Incentive Program for the three and six months ended June 30, 2017 and 2016, respectively, and is included in General and administrative expenses within the Condensed Consolidated Statements of Income.

	Three Months Ended		Six Months Ended	
(millions) (unaudited)	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Stock-based compensation expense	$ 0.5	$ 0.5	$ 1.2	$ 1.0

Future compensation expense for currently outstanding awards under the Performance Based Incentive Program could reach a maximum of $9.8 million. Stock-based compensation for the Performance-Based Incentive Program is expected to be recognized over a weighted average period of 1.9 years.

Adoption of ASU 2016-09

Refer to Note 1. *Significant Accounting Policies and Practices* for the impact of adopting ASU 2016-09 on the Company's stock-based compensation, income taxes, and net income per common share.

11. Net Income per Common Share

Basic net income per share is computed by dividing net income by the weighted daily average number of shares of common stock outstanding during the period. Diluted net income per share is based upon the weighted daily average number of shares of common stock outstanding for the period plus dilutive potential common shares, including stock options and restricted stock units using the treasury-stock method.

A reconciliation of the weighted average basic common shares outstanding to the weighted average diluted common shares outstanding is as follows:

	Three Months Ended		Six Months Ended	
(millions, except share and per share data) (unaudited)	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Net income attributable to SP Plus Corporation	$ 16.2	$ 6.5	$ 22.2	$ 6.5
Basic weighted average common shares outstanding	22,190,421	22,344,898	22,178,143	22,336,693
Dilutive impact of share-based awards	324,813	280,573	312,226	272,750
Diluted weighted average common shares outstanding	22,515,234	22,625,471	22,490,369	22,609,443
Net income per common share				
Basic	$ 0.73	$ 0.29	$ 1.00	$ 0.29
Diluted	$ 0.72	$ 0.29	$ 0.98	$ 0.29

For the three and six months ended June 30, 2017 and 2016, performance share units were excluded from the computation of weighted average diluted common share outstanding because the number of shares ultimately issuable is contingent on the Company's performance goals, which were not achieved as of the reporting dates.

There are no additional securities that could dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share, other than those disclosed.

Adoption of ASU 2016-09

There was no significant impact to diluted weighted average shares outstanding for purposes of calculating net income per common share-diluted as a result of adopting ASU 2016-09. Refer to Note 1. *Significant Accounting Policies and Practices* for additional information on the impact of adopting ASU 2016-09 to the Company.

12. Comprehensive Income

Comprehensive income consists of the following components, net of tax:

	Three Months Ended		Six Months Ended	
(millions) (unaudited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net income	$ 17.3	$ 7.4	$ 24.0	$ 8.0
Effective portion of unrealized loss on cash flow hedge	—	(0.1)	—	(0.3)
Foreign currency translation gain (loss)	0.1	(0.1)	0.1	—
Comprehensive income	17.4	7.2	24.1	7.7
Less: Comprehensive income attributable to noncontrolling interest	1.1	0.9	1.8	1.5
Comprehensive income attributable to SP Plus Corporation	$ 16.3	$ 6.3	$ 22.3	$ 6.2

Accumulated other comprehensive loss is comprised of unrealized gains (losses) on cash flow hedges and foreign currency translation adjustments. The components of changes in accumulated comprehensive loss, net of tax, for the six months ended June 30, 2017 were as follows:

(millions) (unaudited)	Foreign Currency Translation Adjustments	Effective Portion of Unrealized Gain (Loss) on Cash Flow Hedge	Total Accumulated Other Comprehensive Loss
Balance at December 31, 2016	$ (1.4)	$ —	$ (1.4)
Change in other comprehensive income	0.1	—	0.1
Balance at June 30, 2017	$ (1.4)	$ —	$ (1.4)

Note: Amounts may not foot due to rounding.

13. Income Taxes

For the three months ended June 30, 2017, the Company recognized an income tax expense of $10.7 million on pre-tax earnings of $28.0 million compared to $4.9 million income tax expense on pre-tax earnings of $12.3 million for the three months ended June 30, 2016. For the six months ended June 30, 2017, the Company recognized income tax expense of $14.0 million on pre-tax earnings of $38.0 million compared to income tax expense of $5.8 million on pre-tax earnings of $13.8 million for the six months ended June 30, 2016. The effective tax rate was approximately was 36.9% for the six months ended June 30, 2017 compared to approximately 42.2% for the six months ended June 30, 2016. The effective tax rate for the six months ended June 30, 2017 was lower than the six months ended June 30, 2016 primarily due to the adoption of ASU 2016-09 and the related excess tax benefits now recognized as a reduction of income tax expense ($0.6 million) and a reduction of income tax expense related to the benefit realized on the settlement of certain income tax related matters with a local tax jurisdiction ($0.2 million).The effective tax rate for the three months ended June 30, 2016 was higher than the expected statutory tax rate due to a write-off of a deferred tax asset ($0.2 million) for certain state net operating losses.

As of June 30, 2017, the Company has not identified any uncertain tax positions that would have a material impact on the Company's financial position. The Company recognizes potential interest and penalties related to uncertain tax positions, if any, in income tax expense.

The tax years that remain subject to examination for the Company's major tax jurisdictions at June 30, 2017 are shown below:

2013 – 2016	United States — federal income tax
2007 – 2016	United States — state and local income tax
2013 – 2016	Canada and Puerto Rico

Adoption of ASU 2016-09

Refer to Note 1. *Significant Accounting Policies and Practices* for the impact of adopting ASU 2016-09 on the Company's stock-based compensation, income taxes, and net income per common share.

14. Business Unit Segment Information

Segment information is presented in accordance with a “management approach,” which designates the internal reporting used by the Chief Operating Decision Maker (“CODM”) for making decisions and assessing performance as the source of the Company’s reportable segments. The Company’s segments are organized in a manner consistent with which discrete financial information is available and evaluated regularly by the Company’s CODM in deciding how to allocate resources and in assessing performance.

An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenue and incur expenses, and about which separate financial information is regularly evaluated by the Company’s CODM. The CODM is the Company’s chief executive officer.

Each of the operating segments is directly responsible for revenue and expenses related to their operations including direct regional administrative costs. Finance, information technology, human resources, and legal are shared functions that are not allocated back to the two operating segments. The CODM assesses the performance of each operating segment using information about its revenue and gross profit as its primary measure of performance, but does not evaluate segments using discrete asset information. There are no inter-segment transactions and the Company does not allocate interest and other income, interest expense, depreciation and amortization or taxes to operating segments. The accounting policies for segment reporting are the same as for the Company as a whole.

In the first quarter of 2017, the Company changed its internal reporting segment information reported to its CODM. The operating segments are internally reported as Region One (Commercial) and Region Two (Airports). All prior periods presented have been restated to reflect the new internal reporting to the CODM.

- Region One (Commercial) encompasses our services in healthcare facilities, municipalities, including meter revenue collection and enforcement services, government facilities, hotels, commercial real estate, residential communities, retail, colleges and universities, as well as ancillary services such as shuttle and transportation services, valet services, taxi and livery dispatch services and event planning, including shuttle and transportation services.
- Region Two (Airports) encompasses our services at all major airports as well as ancillary services, which includes shuttle and transportation services and valet services.
- "Other" consists of ancillary revenue that is not specifically identifiable to a region and certain unallocated items, such as and including prior year insurance reserve adjustments and other corporate items.

The business is managed based on regions administered by executive vice presidents. The following is a summary of revenues (excluding reimbursed management contract revenue) and gross profit by regions for the three and six months ended June 30, 2017 and 2016:

(millions) (unaudited)	Three Months Ended						Six Months Ended					
		June 30, 2017	Gross Margin %		June 30, 2016	Gross Margin %		June 30, 2017	Gross Margin %		June 30, 2016	Gross Margin %
Parking Services Revenue												
Region One												
Lease contracts	$	117.4		$	103.9		$	217.1		$	211.8	
Management contracts		59.3			60.0			127.6			124.5	
Total Region One		176.7			163.9			344.7			336.3	
Region Two												
Lease contracts		33.5			31.9			64.6			62.4	
Management contracts		22.6			24.3			44.2			48.4	
Total Region Two		56.1			56.2			108.8			110.8	
Other												
Lease contracts		—			(0.1)			—			—	
Management contracts		2.1			2.4			4.3			5.0	
Total Other		2.1			2.3			4.3			5.0	
Reimbursed management contract revenue		180.5			180.2			372.1			348.1	
Total Parking Services Revenue	$	415.4		$	402.6		$	829.9		$	800.2	
Gross Profit												
Region One												
Lease contracts	$	17.9	15%	$	9.9	10%	$	21.1	10%	$	16.5	8%
Management contracts		24.6	41%		24.1	40%		49.5	39%		46.4	37%
Total Region One		42.5			34.0			70.6			62.9	
Region Two												
Lease contracts		2.0	6%		1.8	6%		3.3	5%		2.5	4%
Management contracts		7.2	32%		7.4	30%		13.3	30%		11.7	24%
Total Region Two		9.2			9.2			16.6			14.2	
Other												
Lease contracts		0.8	—%		—	—%		1.3	—%		0.6	—%
Management contracts		5.0	238%		3.8	158%		9.5	221%		7.7	154%
Total Other		5.8			3.8			10.8			8.3	
Total gross profit	$	57.5		$	47.0		$	98.0		$	85.4	
General and administrative expenses		22.5			22.1			43.7			46.7	
General and administrative expense percentage of gross profit		39%			47%			45%			55%	
Depreciation and amortization		4.8			9.8			11.4			19.0	
Operating income		30.2			15.1			42.9			19.7	
Other expenses (income)												
Interest expense		2.3			2.6			4.9			5.4	
Interest income		(0.2)			(0.1)			(0.3)			(0.3)	
Equity in losses from investment in unconsolidated entity		0.2			0.3			0.4			0.8	
Total other expenses (income)		2.2			2.8			4.9			5.9	
Earnings before income taxes		28.0			12.3			38.0			13.8	
Income tax expense		10.7			4.9			14.0			5.8	
Net income		17.3			7.4			24.0			8.0	
Less: Net income attributable to noncontrolling interest		1.1			0.9			1.8			1.5	
Net income attributable to SP Plus Corporation	$	16.2		$	6.5		$	22.2		$	6.5	

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our results of operations should be read in conjunction with the consolidated financial statements and the notes thereto contained in this Quarterly Report on Form 10-Q and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Important Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q is being filed by SP Plus Corporation ("we", "SP Plus" or the "Company") with the Securities and Exchange Commission ("SEC") and contains forward-looking statements, which are based on our current assumptions and expectations. These statements are typically accompanied by the words "expect," "estimate," "intend", "will," "predict," "project," "may," "should," "could," "believe," "would," "might," "anticipate," or words of similar terms and phrases, but such words, terms and phrases are not the exclusive means of identifying such statements. These expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. These forward looking statements are made based on management's expectations, beliefs and projections concerning future events and are subject to uncertainties and factors relating to operations and the business environment, all of which are difficult to predict and many of which are beyond management's control. These forward looking statements are not guarantees of future performance and there can be no assurance that our expectations, beliefs and projections will be realized.

Although we believe there is a reasonable basis for the forward-looking statements, our actual results could be materially different. The most important factors which could cause our actual results to differ from our forward-looking statements are set forth on our description of risk factors in Item 1A. *Risk Factors* of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which should be read in conjunction with the forward-looking statements in this report. Forward-looking statements speak only as of the date they are made, and except as expressly required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances, future events or for any other reason.

Overview

Our Business

We provide parking management, ground transportation and other ancillary services to commercial, institutional and municipal clients in urban markets and airports across the United States, Puerto Rico and Canada. Our services include a comprehensive set of on-site parking management and ground transportation services, which include facility maintenance, security services, training, scheduling and supervising all service personnel, as well as providing customer service, marketing, and accounting and revenue control functions necessary to facilitate the operation of our clients' facilities or events. We also provide a range of ancillary services such as airport shuttle operations, valet services, taxi and livery dispatch services, security services and municipal meter revenue collection and enforcement services. We typically enter into contractual relationships with property owners or managers as opposed to owning facilities.

We operate our clients' properties through two types of arrangements: management contracts and leases. Under a management contract, we typically receive a base monthly fee for managing the facility, and we may also receive an incentive fee based on the achievement of facility performance objectives. We also receive fees for ancillary services. Typically, all of the underlying revenues and expenses under a standard management contract flow through to our clients rather than to us. However, some management contracts, which are referred to as "reverse" management contracts, usually provide for larger management fees and require us to pay various costs. Under lease arrangements, we generally pay to the property owner a fixed annual rent, a percentage of gross customer collections or a combination thereof. We collect all revenues under lease arrangements and we are responsible for most operating expenses, but we are typically not responsible for major maintenance, capital expenditures or real estate taxes. Margins for lease contracts vary significantly, not only due to operating performance, but also due to variability of parking rates in different cities and varying space utilization by parking facility type and location. As of June 30, 2017, we operated 81% of our locations under management contracts and 19% under leases.

In evaluating our financial condition and operating performance, management's primary focus is on our gross profit and total general and administrative expense. Although the underlying economics to us of management contracts and leases are similar, the manner in which we are required to account for them differs. Revenue from leases includes all gross customer collections derived from our leased locations (net of local parking taxes), whereas revenue from management contracts only includes our contractually agreed upon management fees and amounts attributable to ancillary services. Gross customer collections at facilities under management contracts, therefore, are not included in our revenue. Accordingly, while a change in the proportion of our operating agreements that are structured as leases versus management contracts may cause significant fluctuations in reported revenue and expense of parking services that change will not artificially affect our gross profit. For example, as of June 30, 2017, 81% of our locations were operated under management contracts and 74% of our gross profit for the six months ended June 30, 2017 was derived from management contracts. Only 38% of total revenue (excluding reimbursed management contract revenue), however, was from management contracts because under those contracts the revenue collected from parking customers belongs to our clients. Therefore, gross profit and total general and administrative expense, rather than revenue, are management's primary focus.

General Business Trends

We believe that sophisticated commercial real estate developers and property managers and owners recognize the potential for parking and related services to be a profit generator rather than a cost center. Often, the parking experience makes both the first and the last impressions on their properties' tenants and visitors. By outsourcing these services, they are able to capture additional profit by leveraging the unique operational skills and controls that an experienced parking management company can offer. Our ability to consistently deliver a uniformly high level of parking and related services, including the use of various technological enhancements, allows us to maximize the profit to our clients and improves our ability to win contracts and retain existing locations. Our focus on customer service and satisfaction is a key driver of our high location retention rate, which was approximately 92% and 87% for the twelve month periods ended June 30, 2017 and 2016, respectively.

Summary of Operating Facilities

We focus our operations in core markets where a concentration of locations improves customer service levels and operating margins. The following table reflects our facilities operated at the end of the periods indicated:

	June 30, 2017	December 31, 2016	June 30, 2016
Leased facilities	691	688	698
Managed facilities	2,938	2,966	2,959
Total facilities (1) (2)	3,629	3,654	3,657

(1) Includes partial ownership in two managed facilities and one leased facility acquired in the Central Merger.
(2) December 31, 2016 and June 30, 2016 facilities are adjusted for Click and Park locations due to the termination of the transition services agreement.

Revenue

We recognize parking services revenue from lease and management contracts as the related services are provided. Substantially all of our revenue comes from the following two sources:

Parking services revenue—lease contracts. Parking services revenue related to lease contracts consist of all revenue received at a leased facility, including parking receipts (net of local parking tax), consulting and real estate development fees, gains on sales of contracts and payments for exercising termination rights.

Parking services revenue—management contracts. Management contract revenue consists of management fees, including both fixed and performance-based fees, and amounts attributable to ancillary services such as accounting, equipment leasing, payments received for exercising termination rights, consulting, developmental fees, gains on sales of contracts, insurance and other value-added services with respect to managed locations. We believe we generally purchase required insurance at lower rates than our clients can obtain on their own because we effectively self-insure for all liability and worker's compensation and health care claims by maintaining a large per-claim deductible. As a result, we have generated operating income on the insurance provided under our management contracts by focusing on our risk management efforts and controlling losses. Management contract revenues do not include gross customer collections at the managed locations, as these revenues belong to the property owner rather than to us. Management contracts generally provide us with a management fee regardless of the operating performance of the underlying facilities.

Conversions between types of contracts, lease or management, are typically determined by our client and not us. Although the underlying economics to us of management contracts and leases are similar, the manner in which we account for them differs substantially.

Reimbursed Management Contract Revenue

Reimbursed management contract revenue consists of the direct reimbursement from the property owner for operating expenses incurred under a management contract, which are reflected in our revenue.

Cost of Parking Services

Our cost of parking services consists of the following:

Cost of parking services—lease contracts. The cost of parking services under a lease arrangement consists of contractual rental fees paid to the facility owner and all operating expenses incurred in connection with operating the leased facility. Contractual fees paid to the facility owner are generally based on either a fixed contractual amount or a percentage of gross revenue or a combination thereof. Generally, under a lease arrangement we are not responsible for major capital expenditures or real estate taxes.

Cost of parking services—management contracts. The cost of parking services under a management contract is generally the responsibility of the facility owner. As a result, these costs are not included in our results of operations. However, our reverse management contracts, which typically provide for larger management fees, do require us to pay for certain costs.

Reimbursed Management Contract Expense

Reimbursed management contract expense consists of direct reimbursed costs incurred on behalf of property owners under a management contract, which are reflected in our cost of parking services.

Gross Profit

Gross profit equals our revenue less the cost of generating such revenue. This is the key metric we use to examine our performance because it captures the underlying economic benefit to us of both lease contracts and management contracts.

General and Administrative Expenses

General and administrative expenses include salaries, wages, payroll taxes, insurance, travel and office related expenses for our headquarters, field offices, supervisory employees, and board of directors.

Depreciation and Amortization

Depreciation is determined using a straight-line method over the estimated useful lives of the various asset classes, or in the case of leasehold improvements, over the initial term of the operating lease or its useful life, whichever is shorter. Intangible assets determined to have finite lives are amortized over their remaining estimated useful life.

Results of Operations

Segments
An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenue and incur expenses, and about which separate financial information is regularly evaluated by our chief operating decision maker ("CODM"), in deciding how to allocate resources. Our CODM is our chief executive officer.

In the first quarter of 2017, we changed the internal reporting segment information reported to our CODM. The operating segments are internally reported as region one (Commercial) and region two (Airports). All prior periods presented have been restated to reflect the new internal reporting to the CODM.

- Region one (Commercial) encompasses our services in healthcare facilities, municipalities, including meter revenue collection and enforcement services, government facilities, hotels, commercial real estate, residential communities, retail, colleges and universities, as well as ancillary services such as shuttle and transportation services, valet services, taxi and livery dispatch services and event planning, including shuttle and transportation services.
- Region two (Airports) encompasses our services at all major airports as well as ancillary services, which includes shuttle and transportation services and valet services.
- "Other" consists of ancillary revenue that is not specifically identifiable to a region and certain unallocated items, such as and including prior year insurance reserve adjustments and other corporate items.

The following is a summary of revenues (excluding reimbursed management contract revenue), cost of parking services and gross profit by regions for the three and six months ended June 30, 2017 and 2016:

Three Months Ended June 30, 2017 Compared to Three Months June 30, 2016

Segment revenue information is summarized as follows:

	Three Months Ended June 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Lease contract revenue:										
New locations	$ 10.4	$ 1.1	$ 0.8	$ —	$ —	$ —	$ 11.2	$ 1.1	$ 10.1	918.2 %
Contract expirations	0.9	5.9	—	1.2	—	—	0.9	7.1	(6.2)	(87.3)%
Same locations	103.9	95.8	32.7	30.7	—	(0.1)	136.6	126.4	10.2	8.1 %
Conversions	2.2	1.1	—	—	—	—	2.2	1.1	1.1	100.0 %
Total lease contract revenue	$ 117.4	$ 103.9	$ 33.5	$ 31.9	$ —	$ (0.1)	$ 150.9	$ 135.7	$ 15.2	11.2 %
Management contract revenue:										
New locations	$ 8.9	$ 3.2	$ 3.6	$ 2.0	$ —	$ —	$ 12.5	$ 5.2	$ 7.3	140.4 %
Contract expirations	0.5	5.8	0.5	6.9	—	—	1.0	12.7	(11.7)	(92.1)%
Same locations	49.8	50.9	18.5	15.4	2.1	2.4	70.4	68.7	1.7	2.5 %
Conversions	0.1	0.1	—	—	—	—	0.1	0.1	—	— %
Total management contract revenue	$ 59.3	$ 60.0	$ 22.6	$ 24.3	$ 2.1	$ 2.4	$ 84.0	$ 86.7	$ (2.7)	(3.1)%

Revenue associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being presented. Revenue associated with contract expirations relates to contracts that have expired, however, we were operating the facility in the comparative period presented.

Parking services revenue—lease contracts. Lease contract revenue increased $15.2 million, or 11.2%, to $150.9 million for the three months ended June 30, 2017, compared to $135.7 million for the three months ended June 30, 2016. The increase in lease contract revenue resulted primarily from increases of $10.2 million from same locations, $10.1 million from new locations and $1.1 million from locations that converted from management contracts during the periods presented, partially offset by a $6.2 million decrease in revenue from contract expirations. Same location revenue increased $10.2 million or 8.1%, primarily due to earnings of $8.5 million for our proportionate share of the net gain of an equity method investees' sale of assets and net increases in monthly parking revenue and transient parking revenue.

From a reporting segment perspective, lease contract revenue increased primarily due to new locations in regions one and two, same locations in regions one and two and conversions in region one, partially offset by decreases in contract expirations in regions one and two. The other region amounts in same location represent revenue not specifically identifiable to a region.

Parking services revenue—management contracts. Management contract revenue decreased $2.7 million, or 3.1%, to $84.0 million for the three months ended June 30, 2017, compared to $86.7 million for the three months ended June 30, 2016. The decrease in management contract revenue resulted primarily from a decrease of $11.7 million from contract expirations, partially offset by increases of $7.3 million from new locations and $1.7 million from same locations. Same location revenue increased $1.7 million, or 2.5%, primarily due to change in contract terms for certain management contracts, whereby the contract terms converted from a management contract to a "reverse" management contract, which typically has higher management fees from the facility owner but require us to pay certain operating costs associated with the facilities operation.

From a reporting segment perspective, management contract revenue decreased primarily due to decreases in contract expirations from regions one and two and same locations in region one and other, offset by increases from new locations in regions one and two and same locations in region two. The other region amounts in same location represent revenue not specifically identifiable to a region.

Reimbursed management contract revenue. Reimbursed management contract revenue increased $0.3 million, or 0.2%, to $180.5 million for the three months ended June 30, 2017, compared to $180.2 million for the three months ended June 30, 2016. This increase resulted primarily from an increase in reimbursements for costs incurred on behalf of owners.

Segment cost of parking services information is summarized as follows:

	Three Months Ended June 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Cost of parking services lease contracts:										
New locations	$ 9.7	$ 1.0	$ 0.7	$ —	$ —	$ —	$ 10.4	$ 1.0	$ 9.4	940.0 %
Contract expirations	2.6	8.0	—	1.1	—	—	2.6	9.1	(6.5)	(71.4)%
Same locations	85.1	83.9	30.8	29.0	(0.8)	(0.1)	115.1	112.8	2.3	2.0 %
Conversions	2.1	1.1	—	—	—	—	2.1	1.1	1.0	90.9 %
Total cost of parking services lease contracts	$ 99.5	$ 94.0	$ 31.5	$ 30.1	$ (0.8)	$ (0.1)	$ 130.2	$ 124.0	$ 6.2	5.0 %
Cost of parking services management contracts:										
New locations	$ 5.1	$ 2.1	$ 3.1	$ 1.7	$ —	$ —	$ 8.2	$ 3.8	$ 4.4	115.8 %
Contract expirations	1.4	4.8	1.0	7.9	—	—	2.4	12.7	(10.3)	(81.1)%
Same locations	28.2	29.0	11.3	7.3	(2.9)	(1.4)	36.6	34.9	1.7	4.9 %
Conversions	—	—	—	—	—	—	—	—	—	— %
Total cost of parking services management contracts	$ 34.7	$ 35.9	$ 15.4	$ 16.9	$ (2.9)	$ (1.4)	$ 47.2	$ 51.4	$ (4.2)	(8.2)%

Cost of parking services associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being present. Cost of parking services associated with contract expirations relates to contacts that have expired, however, we were operating the facility in the comparative period presented.

Cost of parking services—lease contracts. Cost of parking services for lease contracts increased $6.2 million, or 5.0%, to $130.2 million for the three months ended June 30, 2017, compared to $124.0 million for the three months ended June 30, 2016. The increase in cost of parking services for lease contracts resulted primarily from increases of $9.4 million from new locations, $2.3 million from same locations and $1.0 million from locations that converted from management contracts during the periods presented, partially offset by a decrease of $6.5 million from contract expirations. Same location costs increased $2.3 million, or 2.0%, primarily due to an increase in rent expense as a result of higher revenues for same locations and overall net operating costs, partially offset by unallocated insurance reserve adjustments/costs and other unallocated corporate items.

From a reporting segment perspective, cost of parking services for lease contracts increased primarily from new locations in regions one and two, same locations in regions one and two and conversions in region one, partially offset by contract expirations in regions one and two and same locations in other. The other region amounts in same location represent costs not specifically identifiable to a region.

Cost of parking services—management contracts. Cost of parking services for management contracts decreased $4.2 million, or 8.2%, to $47.2 million for the three months ended June 30, 2017, compared to $51.4 million for the three months ended June 30, 2016. The decrease in cost of parking services for management contracts resulted primarily from a decrease of $10.3 million from contract expirations, partially offset by increases of $4.4 million from new locations and $1.7 million from same locations. Same location costs increased $1.7 million, or 4.9%, primarily due to an increase in costs due to change in contract terms for certain management contracts, whereby the contract terms converted from a management contract to a "reverse" management contract, which typically have higher operating costs associated with the facilities operation but allow us to have a higher management fee from the facility owner and overall net operating costs, partially offset by unallocated insurance reserve adjustments/costs and other unallocated corporate items.

From a reporting segment perspective, cost of parking services for management contracts decreased primarily from contract expirations in regions one and two, same locations in region one and other, partially offset by increases in new locations in regions one and two and same locations in region two. The other region amounts in same location represent costs not specifically identifiable to a region.

Reimbursed management contract expense. Reimbursed management contract expense increased $0.3 million, or 0.2%, to $180.5 million for the three months ended June 30, 2017, compared to $180.2 million for the three months ended June 30, 2016. This increase resulted primarily from an increase in reimbursements for costs incurred on behalf of owners.

Segment gross profit/gross profit percentage information is summarized as follows:

	Three Months Ended June 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Gross profit lease contracts:										
New locations	$ 0.7	$ 0.1	$ 0.1	$ —	$ —	$ —	$ 0.8	$ 0.1	$ 0.7	— %
Contract expirations	(1.7)	(2.1)	—	0.1	—	—	(1.7)	(2.0)	0.3	(15.0)%
Same locations	18.8	11.9	1.9	1.7	0.8	—	21.5	13.6	7.9	58.1 %
Conversions	0.1	—	—	—	—	—	0.1	—	0.1	— %
Total gross profit lease contracts	$ 17.9	$ 9.9	$ 2.0	$ 1.8	$ 0.8	$ —	$ 20.7	$ 11.7	$ 9.0	76.9 %
	(Percentages)									
Gross profit percentage lease contracts:										
New locations	6.7 %	9.1 %	12.5 %	— %	—%	—%	7.1 %	9.1 %		
Contract expirations	(188.9)%	(35.6)%	— %	8.3 %	—%	—%	(188.9)%	(28.2)%		
Same locations	18.1 %	12.4 %	5.8 %	5.5 %	—%	—%	15.7 %	10.8 %		
Conversions	4.5 %	— %	— %	— %	—%	—%	4.5 %	— %		
Total gross profit percentage	15.2 %	9.5 %	6.0 %	5.6 %	—%	—%	13.7 %	8.6 %		
Gross profit management contracts:										
New locations	$ 3.8	$ 1.1	$ 0.5	$ 0.3	$ —	$ —	$ 4.3	$ 1.4	$ 2.9	207.1 %
Contract expirations	(0.9)	1.0	(0.5)	(1.0)	—	—	(1.4)	—	(1.4)	— %
Same locations	21.6	21.9	7.2	8.1	5.0	3.8	33.8	33.8	—	— %
Conversions	0.1	0.1	—	—	—	—	0.1	0.1	—	— %
Total gross profit management contracts	$ 24.6	$ 24.1	$ 7.2	$ 7.4	$ 5.0	$ 3.8	$ 36.8	$ 35.3	$ 1.5	4.2 %
	(Percentages)									
Gross profit percentage management contracts:										
New locations	42.7 %	34.4 %	13.9 %	15.0 %	—%	—%	34.4 %	26.9 %		
Contract expirations	(180.0)%	17.2 %	(100.0)%	(14.5)%	—%	—%	(140.0)%	— %		
Same locations	43.4 %	43.0 %	38.9 %	52.6 %	238.1%	158.3%	48.0 %	49.2 %		
Conversions	100.0 %	100.0 %	— %	— %	—%	—%	100.0 %	100.0 %		
Total gross profit percentage	41.5 %	40.2 %	31.9 %	30.5 %	238.1%	158.3%	43.8 %	40.7 %		

Gross profit associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being present. Gross profit associated with contract expirations relates to contracts that have expired, however, we were operating the facility in the comparative period presented.

Gross profit—lease contracts. Gross profit for lease contracts increased $9.0 million, or 76.9%, to $20.7 million for the three months ended June 30, 2017, compared to $11.7 million for three months ended June 30, 2016. Gross profit percentage for lease contracts increased to 13.7% for the three months ended June 30, 2017, compared to 8.6% for the three months ended June 30, 2016. Gross profit for lease contracts increased as a result of increases in gross profit for new locations, contract expirations, same locations and locations that converted from management contracts during the periods presented. Gross profit for same locations increased primarily due to earnings of $8.5 million for our proportionate share of the net gain of an equity method investees' sale of assets, net increases in monthly parking revenue and transient parking revenue and unallocated insurance reserve adjustments/costs and other unallocated corporate items, partially offset by an increase in rent expense as a result of higher revenues for same locations and overall net operating costs.

From a reporting segment perspective, gross profit for lease contracts increased primarily due to increases in new locations in regions one and two, contract expirations in region one, same locations in regions one and two and other, and conversions in region one, partially offset by contract expirations in region two.

Gross profit—management contracts. Gross profit for management contracts increased $1.5 million, or 4.2%, to $36.8 million for the three months ended June 30, 2017, compared to $35.3 million for the three months ended June 30, 2016. Gross profit percentage for management contracts increased to 43.8% for three months ended June 30, 2017, compared to 40.7% for three months ended June 30, 2016. Gross profit for management contracts increased as a result of an increase in gross profit for new locations, partially offset by a decrease in gross profit for contract expirations. Gross profit for same locations was unchanged year-over year.

From a reporting segment perspective, gross profit for management contracts increased primarily from new locations in regions one and two, same locations in other, partially offset by decreases from contract expirations in regions one and two and same locations in regions one and two.

General and administrative expenses. General and administrative expenses increased $0.4 million, or 1.8%, to $22.5 million for the three months ended June 30, 2017, compared to $22.1 million for the three months ended June 30, 2016. The increase in general and administrative expenses was primarily due to an increase in compensation and benefit costs related to cost reduction initiatives, merger and integration costs, primarily related to severance and relocation related costs (net of compensation and benefit cost savings from previous restructuring, merger and integration initiatives), and an underwritten public offering of common stock by selling stockholders, which was a required expense of the Company pursuant to the Central Merger documentation, partially offset by a decrease in expenses related to overall better expense control.

Depreciation and amortization. Depreciation and amortization decreased $5.0 million, or 51.0%, to $4.8 million for the three months ended June 30, 2017, compared to $9.8 million for the three months ended June 30, 2016. This decrease was primarily a result of accelerated depreciation of software during the three months ended June 30, 2016 and the three months ended June 30, 2017 did not include amortization of certain intangible assets as they were fully amortized during the fourth quarter of 2016.

Interest expense. Interest expense decreased $0.3 million, or 11.5%, to $2.3 million for the three months ended June 30, 2017, compared to $2.6 million for the three months ended June 30, 2016. The decrease in interest expense was primarily related to reductions in amounts outstanding under our Restated Credit Facility, partially offset by an increase in average borrowing rates.

Interest income. Interest income was $0.2 million and $0.1 million for the three months ended June 30, 2017 and 2016, respectively.

Gain on sale of business. During the second quarter 2017, we recognized $0.1 million of gain on sale of a portion of our security business primarily operating in the Southern California market. The Company received $0.6 million for the final earn out consideration from the buyer during the second quarter of 2017, which resulted in the Company recognizing an additional gain on sale of business of $0.1 million, as the Company's historical estimate for the fair value of the earn-out consideration receivable was $0.5 million.

Equity in losses from investment in unconsolidated entity. Equity in losses from investment in unconsolidated entity was $0.2 million and $0.3 million for the three months ended June 30, 2017 and 2016, respectively.

Income tax expense. Income tax expense increased $5.8 million, or 118.4%, to $10.7 million for the three months ended June 30, 2017, compared to $4.9 million for the three months ended June 30, 2016. Our effective tax rate was 38.2% for the three months ended June 30, 2017, compared to 40.3% for the three months ended June 30, 2016. The effective tax rate for the three months ended June 30, 2017 decreased primarily due to the adoption of ASU 2016-09 (Improvements to Employee Share-Based Payment Accounting) and the related excess tax benefits now recognized as a reduction of income tax expense ($0.2 million). The effective tax rate for the three months ended June 30, 2016 was higher than the expected statutory tax rate due to a one-time write-off of a deferred tax asset for certain state net operating losses ($0.2 million). See Note 1. *Significant Accounting Policies and Practices* of the Condensed Consolidated Financial Statements for further discussion of the impact of ASU 2016-09.

Six Months Ended June 30, 2017 Compared to Six Months June 30, 2016

Segment revenue information is summarized as follows:

	Six Months Ended June 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Lease contract revenue:										
New locations	$ 15.3	$ 1.4	$ 1.5	$ —	$ —	$ —	$ 16.8	$ 1.4	$ 15.4	1,100.0 %
Contract expirations	3.0	20.6	—	2.5	—	—	3.0	23.1	(20.1)	(87.0)%
Same locations	194.3	185.4	63.1	59.9	—	—	257.4	245.3	12.1	4.9 %
Conversions	4.5	4.4	—	—	—	—	4.5	4.4	0.1	2.3 %
Total lease contract revenue	$ 217.1	$ 211.8	$ 64.6	$ 62.4	$ —	$ —	$ 281.7	$ 274.2	$ 7.5	2.7 %
Management contract revenue:										
New locations	$ 19.7	$ 4.3	$ 6.6	$ 2.6	$ —	$ —	$ 26.3	$ 6.9	$ 19.4	281.2 %
Contract expirations	2.4	14.0	1.4	15.8	—	—	3.8	29.8	(26.0)	(87.2)%
Same locations	105.3	106.0	36.2	30.0	4.3	5.0	145.8	141.0	4.8	3.4 %
Conversions	0.2	0.2	—	—	—	—	0.2	0.2	—	— %
Total management contract revenue	$ 127.6	$ 124.5	$ 44.2	$ 48.4	$ 4.3	$ 5.0	$ 176.1	$ 177.9	$ (1.8)	(1.0)%

Revenue associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being presented. Revenue associated with contract expirations relates to contracts that have expired, however, we were operating the facility in the comparative period presented.

Parking services revenue—lease contracts. Lease contract revenue increased $7.5 million, or 2.7%, to $281.7 million for the six months ended June 30, 2017, compared to $274.2 million for the six months ended June 30, 2016. The increase in lease contract revenue resulted primarily from increases of $15.4 million from new locations, $12.1 million from same locations and $0.1 million from locations that converted from management contracts during the periods presented, partially offset by a decrease of $20.1 million from contract expirations. Same location revenue increased $12.1 million, or 4.9%, primarily due to earnings of $8.5 million for our proportionate share of the net gain of an equity method investees' sale of assets and net increases in monthly parking revenue and transient parking revenue.

From a reporting segment perspective, lease contract revenue increased primarily due to new locations in regions one and two, same locations in regions one and two and conversions in region one, partially offset by decreases from contract expirations in regions one and two. The other region amounts in same location represent revenue not specifically identifiable to a region.

Parking services revenue—management contracts. Management contract revenue decreased $1.8 million, or 1.0%, to $176.1 million for the six months ended June 30, 2017, compared to $177.9 million for the six months ended June 30, 2016. The decrease in management contract revenue resulted primarily from a decrease of $26.0 million from contract expirations, partially offset by increases of $19.4 million from new locations and $4.8 million from same locations. Same location revenue increased $4.8 million, or 3.4% primarily due to change in contract terms for certain management contracts, whereby the contract terms converted from a management contract to a "reverse" management contract, which typically has higher management fees from the facility owner but require us to pay certain operating costs associated with the facilities operation.

From a reporting segment perspective, management contract revenue decreased primarily due to decreases in contract expirations in regions one and two and same locations in region one and other, partially offset by increases in new locations in regions one and two and same locations in region two. The other region amounts in same location represent revenues not specifically identifiable to a region.

Reimbursed management contract revenue. Reimbursed management contract revenue increased $24.0 million, or 6.9%, to $372.1 million for the six months ended June 30, 2017, compared to $348.1 million for the six months ended June 30, 2016. This increase resulted primarily from an increase in reimbursements for costs incurred on behalf of owners.

Segment cost of parking services information is summarized as follows:

	Six Months Ended June 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Cost of parking services lease contracts:										
New locations	$ 14.3	$ 1.3	$ 1.3	$ —	$ —	$ —	$ 15.6	$ 1.3	$ 14.3	1,100.0 %
Contract expirations	3.2	20.2	—	2.4	—	—	3.2	22.6	(19.4)	(85.8)%
Same locations	174.1	169.8	60.0	57.5	(1.3)	(0.6)	232.8	226.7	6.1	2.7 %
Conversions	4.4	4.0	—	—	—	—	4.4	4.0	0.4	10.0 %
Total cost of parking services lease contracts	$ 196.0	$ 195.3	$ 61.3	$ 59.9	$ (1.3)	$ (0.6)	$ 256.0	$ 254.6	$ 1.4	0.5 %
Cost of parking services management contracts:										
New locations	$ 11.6	$ 2.6	$ 6.3	$ 2.5	$ —	$ —	$ 17.9	$ 5.1	$ 12.8	251.0 %
Contract expirations	1.8	9.3	1.1	15.5	—	—	2.9	24.8	(21.9)	(88.3)%
Same locations	64.7	66.1	23.5	18.7	(5.2)	(2.7)	83.0	82.1	0.9	1.1 %
Conversions	—	0.1	—	—	—	—	—	0.1	(0.1)	(100.0)%
Total cost of parking services management contracts	$ 78.1	$ 78.1	$ 30.9	$ 36.7	$ (5.2)	$ (2.7)	$ 103.8	$ 112.1	$ (8.3)	(7.4)%

Cost of parking services associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being present. Cost of parking services associated with contract expirations relates to contacts that have expired, however, we were operating the facility in the comparative period presented.

Cost of parking services—lease contracts. Cost of parking services for lease contracts increased $1.4 million, or 0.5%, to $256.0 million for the six months ended June 30, 2017, compared to $254.6 million for the six months ended June 30, 2016. The increase in cost of parking services for lease contracts resulted primarily from increases of $14.3 million from new locations, $6.1 million from same locations and $0.4 million from locations that converted from management contracts during the periods presented, offset by a decrease of $19.4 million from contract expirations. Same location costs increased $6.1 million, or 2.7%, primarily due to an increase in rent expense as a result of higher revenues for same locations and overall net operating costs, partially offset by unallocated insurance reserve adjustments/costs and other unallocated corporate items.

From a reporting segment perspective, cost of parking services for lease contracts increased primarily due to increases from new locations in regions one and two, same locations in regions one and two, and conversions in region one, offset by decreases in contract expirations in regions one and two and same locations in other. The other region amounts in same location represent costs not specifically identifiable to a region.

Cost of parking services—management contracts. Cost of parking services for management contracts decreased $8.3 million, or 7.4%, to $103.8 million for the six months ended June 30, 2017, compared to $112.1 million for the six months ended June 30, 2016. The decrease in cost of parking services for management contracts resulted primarily from decreases of $21.9 million from contract expirations and $0.1 million from locations that converted from lease contracts, partially offset by increases of $12.8 million from new locations and $0.9 from same locations. Same location costs increased $0.9 million, or 1.1%, primarily due to an increase in costs due to change in contract terms for certain management contracts, whereby the contract terms converted from a management contract to a "reverse" management contract, which typically have higher operating costs associated with the facilities operation but allow us to have a higher management fee from the facility owner and overall net operating costs, partially offset by unallocated insurance reserve adjustments/costs and other unallocated corporate items.

From a reporting segment perspective, cost of parking services for management contracts decreased primarily from contract expirations in regions one and two, same locations in region one and other and conversions in region one, partially offset by increases from new locations in regions one and two and same locations in region two. The other region amounts in same location represent costs not specifically identifiable to a region.

Reimbursed management contract expense. Reimbursed management contract expense increased $24.0 million, or 6.9%, to $372.1 million for the six months ended June 30, 2017, compared to $348.1 million for the six months ended June 30, 2016. This increase resulted primarily from an increase in reimbursements for costs incurred on behalf of owners.

Segment gross profit/gross profit percentage information is summarized as follows:

	Six Months Ended June 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Gross profit lease contracts:										
New locations	$ 1.0	$ 0.1	$ 0.2	$ —	$ —	$ —	$ 1.2	$ 0.1	$ 1.1	1,100.0 %
Contract expirations	(0.2)	0.4	—	0.1	—	—	(0.2)	0.5	(0.7)	(140.0)%
Same locations	20.2	15.6	3.1	2.4	1.3	0.6	24.6	18.6	6.0	32.3 %
Conversions	0.1	0.4	—	—	—	—	0.1	0.4	(0.3)	(75.0)%
Total gross profit lease contracts	$ 21.1	$ 16.5	$ 3.3	$ 2.5	$ 1.3	$ 0.6	$ 25.7	$ 19.6	$ 6.1	31.1 %
	(Percentages)									
Gross profit percentage lease contracts:										
New locations	6.5 %	7.1%	13.3%	—%	—%	—%	7.1 %	7.1%		
Contract expirations	(6.7)%	1.9%	—%	4.0%	—%	—%	(6.7)%	2.2%		
Same locations	10.4 %	8.4%	4.9%	4.0%	—%	—%	9.6 %	7.6%		
Conversions	2.2 %	9.1%	—%	—%	—%	—%	2.2 %	9.1%		
Total gross profit percentage	9.7 %	7.8%	5.1%	4.0%	—%	—%	9.1 %	7.1%		
Gross profit management contracts:										
New locations	$ 8.1	$ 1.7	$ 0.3	$ 0.1	$ —	$ —	$ 8.4	$ 1.8	$ 6.6	366.7 %
Contract expirations	0.6	4.7	0.3	0.3	—	—	0.9	5.0	(4.1)	(82.0)%
Same locations	40.6	39.9	12.7	11.3	9.5	7.7	62.8	58.9	3.9	6.6 %
Conversions	0.2	0.1	—	—	—	—	0.2	0.1	0.1	100.0 %
Total gross profit management contracts	$ 49.5	$ 46.4	$ 13.3	$ 11.7	$ 9.5	$ 7.7	$ 72.3	$ 65.8	$ 6.5	9.9 %
	(Percentages)									
Gross profit percentage management contracts:										
New locations	41.1 %	39.5%	4.5%	3.8%	—%	—%	31.9 %	26.1%		
Contract expirations	25.0 %	33.6%	21.4%	1.9%	—%	—%	23.7 %	16.8%		
Same locations	38.6 %	37.6%	35.1%	37.7%	220.9%	154.0%	43.1 %	41.8%		
Conversions	100.0 %	50.0%	—%	—%	—%	—%	100.0 %	50.0%		
Total gross profit percentage	38.8 %	37.3%	30.1%	24.2%	220.9%	154.0%	41.1 %	37.0%		

Gross profit associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being presented. Gross profit associated with contract expirations relates to contracts that have expired, however, we were operating the facility in the comparative period presented.

Gross profit—lease contracts. Gross profit for lease contracts increased $6.1 million, or 31.1%, to $25.7 million for the six months ended June 30, 2017, compared to $19.6 million for six months ended June 30, 2016. Gross profit percentage for lease contracts increased to 9.1% for the six months ended June 30, 2017, compared to 7.1% for the six months ended June 30, 2016. Gross profit for lease contracts increased as a result of increases in gross profit for new locations and same locations, partially offset by contract expirations and locations that converted from management contracts during the periods presented. Gross profit for same locations increased primarily due to earnings of $8.5 million for our proportionate share of the net gain of an equity method investees' sale of assets and a net increases in monthly parking revenue and transient parking revenue and decreased costs relating to certain unallocated insurance reserve adjustments/costs and other unallocated corporate items, partially offset by an increase in rent expense as a result of higher revenues for same locations and overall net operating costs.

From a reporting segment perspective, gross profit for lease contracts increased primarily due to increases in new locations in regions one and two, same locations in regions one and two and other, partially offset by decreases in contract expirations in regions one and two and conversions in region one.

Gross profit—management contracts. Gross profit for management contracts increased $6.5 million, or 9.9%, to $72.3 million for the six months ended June 30, 2017, compared to $65.8 million for the six months ended June 30, 2016. Gross profit percentage for management contracts increased to 41.1% for six months ended June 30, 2017, compared to 37.0% for the six months ended June 30, 2016. Gross profit for management contracts increased as a result of increases in gross profit for new locations, same locations and locations that converted from lease contracts during the periods presented, partially offset by decreases in contract expirations. Gross profit for same locations increased primarily due to higher operating profits and unallocated insurance reserve adjustments/costs and other unallocated corporate items.

From a reporting segment perspective, gross profit for management contracts increased primarily from new locations in region one and two, same locations in regions one and two and other and conversions in region one, partially offset by decreases in contract expirations in region one.

General and administrative expenses. General and administrative expenses decreased $3.0 million, or 6.4%, to $43.7 million for the six months ended June 30, 2017, compared to $46.7 million for the six months ended June 30, 2016. The decrease in general and administrative expenses was due primarily to a decrease in compensation and benefit costs related to cost reduction initiatives, merger and integration costs (net of compensation and benefit costs for restructuring, merger and integration initiatives, primarily related to severance and relocation costs) and overall better expense control, partially offset by an increase in costs associated with an underwritten public offering of common stock by selling stockholders, which was a required expense of the Company pursuant to the Central Merger documentation. Additionally, the six months ended June 30, 2016 included costs related to the settlement of litigation with a former indirect controlling shareholder of the Company for $1.5 million, net of insurance recoveries.

Depreciation and amortization. Depreciation and amortization decreased $7.6 million, or 40.0%, to $11.4 million for the six months ended June 30, 2017, compared to $19.0 million for the six months ended June 30, 2016. This decrease was primarily a result of accelerated depreciation of software during the six months ended June 30, 2016 and the six months ended June 30, 2017 did not include amortization of certain intangible assets as they were fully amortized during the fourth quarter of 2016.

Interest expense. Interest expense decreased $0.5 million, or 9.3%, to $4.9 million for the six months ended June 30, 2017, compared to $5.4 million for the six months ended June 30, 2016. The decrease in interest expense was primarily related to reductions in amounts outstanding under our Restated Credit Facility, partially offset by an increase in average borrowing rates.

Interest income. Interest income was $0.3 million for the six months ended June 30, 2017 and 2016.

Gain on sale of business. During the second quarter 2017, we recognized $0.1 million of gain on sale of a portion of our security business primarily operating in the Southern California market. The Company received $0.6 million for the final earn out consideration from the buyer during the second quarter of 2017, which resulted in the Company recognizing an additional gain on sale of business of $0.1 million, as the Company's historical estimate for the fair value of earn-out consideration receivable was $0.5 million.

Equity in losses from investment in unconsolidated entity. Equity in losses from investment in unconsolidated entity was $0.4 million and $0.8 million for the six months ended June 30, 2017 and 2016, respectively.

Income tax expense. Income tax expense increased $8.2 million, or 141.4%, to $14.0 million for the six months ended June 30, 2017, compared to $5.8 million for the six months ended June 30, 2016. Our effective tax rate was 36.9% for the six months ended June 30, 2017, compared to 42.2% for the six months ended June 30, 2016. The effective tax rate for the six months ended June 30, 2017 decreased primarily due to the adoption of ASU 2016-09 (Improvements to Employee Share-Based Payment Accounting) and the related excess tax benefits now recognized as a reduction of income tax expense ($0.6 million) and a reduction of income tax expense related to the benefit realized on the settlement of certain income tax related matters with a local tax jurisdiction of ($0.2 million). The effective tax rate for the six months ended June 30, 2016 was higher than the expected statutory tax rate due to a one-time write-off of a deferred tax asset for certain state net operating losses ($0.2 million). See Note 1. *Significant Accounting Policies and Practices* of the Condensed Consolidated Financial Statements for further discussion of the impact of ASU 2016-09.

Liquidity and Capital Resources

Outstanding Indebtedness

On June 30, 2017, we had total indebtedness of approximately $169.2 million, a decrease of $25.9 million from December 31, 2016. The $169.2 million in total indebtedness as of June 30, 2017 includes:

- $167.7 million under our Restated Credit Facility, net of original discount on borrowings of $1.0 million and deferred financing costs of $1.3 million; and
- $1.5 million of other debt obligations, which includes capital lease obligations, obligations on seller notes and other indebtedness.

Senior Credit Facility

On October 2, 2012, the Company entered into a credit agreement (“Credit Agreement”) with Bank of America, N.A. ("Bank of America"), as administrative agent, Wells Fargo Bank, N.A. ("Wells Fargo Bank") and JPMorgan Chase Bank, N.A., as co-syndication agents, U.S. Bank National Association, First Hawaiian Bank and General Electric Capital Corporation, as co-documentation agents, Merrill Lynch, Pierce, Fenner & Smith Inc., Wells Fargo Securities, LLC and J.P. Morgan Securities LLC, as joint lead arrangers and joint book managers, and the lenders party thereto.

Pursuant to the terms, and subject to the conditions, of the Credit Agreement, the lenders made available to the Company a secured Senior Credit Facility (the “Senior Credit Facility”) that permitted aggregate borrowings of $450.0 million consisting of (i) a revolving credit facility of up to $200.0 million at any time outstanding, which included a letter of credit facility that was limited to $100.0 million at any time outstanding, and (ii) a term loan facility of $250.0 million. The Senior Credit Facility was due to originally mature on October 2, 2017.

Amended and Restated Credit Facility

On February 20, 2015 (“Restatement Date”), we entered into an Amended and Restated Credit Agreement (the "Restated Credit Agreement") with Bank of America, N.A. (“Bank of America”), as administrative agent, an issuing lender and swing-line lender; Wells Fargo Bank, N.A., as an issuing lender and syndication agent; U.S. Bank National Association, First Hawaiian Bank and BMO Harris Bank N.A., as co-documentation agents; Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as joint lead arrangers and joint book managers; and the lenders party thereto (the “Lenders”). The Restated Credit Agreement reflects modifications to, and an extension of, the Senior Credit Facility.

Pursuant to the terms, and subject to the conditions of the Restated Credit Agreement, the Lenders have made available to the Company a senior secured credit facility (the “Restated Credit Facility”) that permits aggregate borrowings of $400.0 million consisting of (i) a revolving credit facility of up to $200.0 million at any time outstanding, which includes a $100.0 million sublimit for letters of credit and a $20.0 million sublimit for swing-line loans, and (ii) a term loan facility of $200.0 million (reduced from $250.0 million under the Senior Credit Facility). The Company may request increases of the revolving credit facility in an aggregate additional principal amount of $100.0 million. The Restated Credit Facility matures on February 20, 2020.

The entire amount of the term loan portion of the Restated Credit Facility had been drawn by the Company as of the Restatement Date (including approximately $10.4 million drawn on such date) and is subject to scheduled quarterly amortization of principal as follows: (i) $15.0 million in the first year, (ii) $15.0 million in the second year, (iii) $20.0 million in the third year, (iv) $20.0 million in the fourth year, (v) $20.0 million in the fifth year and (vi) $110.0 million in the sixth year. The Company also had outstanding borrowings of $147.3 million (including $53.4 million in letters of credit) under the revolving credit facility as of the Restatement Date.

Borrowings under the Restated Credit Facility bear interest, at the Company’s option, (i) at a rate per annum based on the Company’s consolidated total debt to EBITDA ratio for the 12-month period ending as of the last day of the immediately preceding fiscal quarter, determined in accordance with the pricing levels set forth in the Restated Credit Agreement (the “Applicable Margin”), plus LIBOR or (ii) the Applicable Margin plus the highest of (x) the federal funds rate plus 0.5%, (y) the Bank of America prime rate and (z) a daily rate equal to LIBOR plus 1.0% (the highest of (x), (y) and (z), the “Base Rate”), except that all swing-line loans will bear interest at the Base Rate plus the Applicable Margin.

Under the terms of the Restated Credit Agreement, we are required to maintain a maximum consolidated total debt to EBITDA ratio of not greater than 4.0 to 1.0 as of the end of any fiscal quarter ending during the period from the Restatement Date through September 30, 2015, (ii) 3.75 to 1.0 as of the end of any fiscal quarter ending during the period from October 1, 2015 through September 30, 2016, and (iii) 3.5 to 1.0 as of the end of any fiscal quarter ending thereafter. In addition, the Company is required to maintain a minimum consolidated fixed charge coverage ratio of not less than 1:25:1.0.

Events of default under the Restated Credit Agreement include failure to pay principal or interest when due, failure to comply with the financial and operational covenants, the occurrence of any cross default event, non-compliance with the other loan documents, the occurrence of a change of control event, and bankruptcy and other insolvency events. If an event of default occurs and is continuing, the Lenders holding a majority of the commitments and outstanding term loan under the Restated Credit Agreement

have the right, among others, to (i) terminate the commitments under the Restated Credit Agreement, (ii) accelerate and require the Company to repay all the outstanding amounts owed under the Restated Credit Agreement and (iii) require the Company to cash collateralize any outstanding letters of credit.

Each wholly owned domestic subsidiary of the Company (subject to certain exceptions set forth in the Restated Credit Agreement) has guaranteed all existing and future indebtedness and liabilities of the other guarantors and the Company arising under the Restated Credit Agreement. The Company's obligations under the Restated Credit Agreement and such domestic subsidiaries' guaranty obligations are secured by substantially all of their respective assets.

We were in compliance with all covenants as of June 30, 2017.

As of June 30, 2017, we had $118.6 million of borrowing availability under the Restated Credit Agreement, of which we could have borrowed $118.6 million on June 30, 2017 and remained in compliance with the above described covenants as of such date. The additional borrowing availability under the Restated Credit Agreement is limited only as of the Company's fiscal quarter-end by the covenant restrictions described above. As of June 30, 2017, we had $71.4 million of letters of credit outstanding under the Restated Credit Facility, with aggregate borrowings against the Restated Credit Facility of $170.0 million (excluding original discount on borrowings of $1.0 million and deferred financing costs of $1.3 million).

Share Repurchases

In May 2016, our Board of Directors authorized us to repurchase shares of our common stock in the open market of up to $30.0 million in aggregate. Purchases of our common stock may be made in open market transactions effected through a broker-dealer at prevailing market prices, in block trades, or by other means in accordance with Rules 10b-18 and 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act"). The share repurchase program does not obligate us to repurchase any particular amount of common stock, and has no fixed termination date.

Under this program, we repurchased 305,183 shares of common stock through June 30, 2017 at an average price of $24.43 per share, resulting in $7.5 million in program-to-date repurchases. No shares were repurchased during the six months ended June 30, 2017.

Commitments and Contingencies

Central Merger

We have contractual provisions under certain lease contracts to complete structural or other improvements to leased properties and incur repair costs, including improvements and repairs arising as a result of ordinary wear and tear, and evaluate the nature of those costs when incurred and either capitalizes the costs as leasehold improvements, as applicable, or recognizes the costs as repair expenses within Cost of parking services—Lease contracts within the Condensed Consolidated Statements of Income.

Certain lease contracts acquired in the Central Merger include provisions allocating to us responsibility for the cost of certain structural and other repairs required to be made to the leased property, including improvement and repair costs arising as a result of ordinary wear and tear. We recorded nil and $0.1 million in costs during the three months ended June 30, 2017 and 2016, respectively, and $0.1 million and $0.3 million during the six months ended June 30, 2017 and 2016, respectively, (net of expected recoveries of the total cost recognized by the Company through the applicable indemnity discussed further in Note 3. *Central Merger and Restructuring, Merger and Integration Costs* of our Condensed Consolidated Financial Statements) in Cost of parking services—Lease contracts within the Condensed Consolidated Statements of Income for structural and other repair costs related to certain lease contracts acquired in the Central Merger, whereby we have expensed repair costs for certain leases and engaged third-party general contractors to complete certain structural and other repair projects, and other indemnity related costs. We expect to incur additional costs for certain structural and other repair costs pursuant to the contractual requirements of certain lease contracts acquired in the Central Merger ("Structural and Repair Costs"). Based on information available at this time, we currently expect to incur additional Structural and Repair Costs of $0.1 million. While we are unable to estimate with certainty when such remaining costs will be incurred, it is expected that a substantial majority of these costs will be incurred in mid- to late calendar year 2017. Additionally and as further described in Note 3. *Central Merger and Restructuring, Merger and Integration Costs* of our Condensed Consolidated Financial Statements, we settled all outstanding matters between the former Central Stockholders and us and are therefore unable to recover any additional Structural and Repair Costs yet to be incurred by us through the indemnity.

Holten Settlement

In March 2010, John V. Holten, a former indirect controlling shareholder of the Company, filed a lawsuit against us in the United States District Court, District of Connecticut. Mr. Holten was terminated as the chairman in October 2009. The lawsuit alleged breach of his employment agreement and claimed that the agreement entitled Holten to payments worth more than $3.8 million. We filed an answer and counterclaim to Mr. Holten's lawsuit in 2010.

In March 2016, we settled all claims in connections with the original lawsuits ("Holten Settlement"). Per the settlement, we paid Mr. Holten $3.4 million of which $1.9 million was recovered by us through our directors and officers liability insurance policies. We

recognized an expense, net of insurance recoveries, related to the Holten settlement of $1.5 million for the three months ended March 31, 2016.

Interest Rate Swaps

On October 25, 2012, we entered into Interest Rate Swap transactions (collectively, the “Interest Rate Swaps”) with each of JPMorgan Chase Bank, N.A., Bank of America, N.A. and PNC Bank, N.A. in an initial aggregate Notional Amount of $150.0 million (the “Notional Amount”). The Interest Rate Swaps have a termination date of September 30, 2017. The Interest Rate Swaps effectively fix the interest rate on an amount of variable interest rate borrowings under our credit agreements, originally equal to the Notional Amount at 0.7525% per annum plus the applicable margin rate for LIBOR loans under our credit agreements determined based upon our consolidated total debt to EBITDA ratio. The Notional Amount is subject to scheduled quarterly amortization that coincides with quarterly prepayments of principal under our credit agreements. These Interest Rate Swaps are classified as cash flow hedges, and we calculate the effectiveness of the hedge on a monthly basis. The ineffective portion of the cash flow hedge is recognized in earnings as an increase of interest expense. As of June 30, 2017, no ineffectiveness of the hedge has been recognized in interest expense. The fair value of the Interest Rate Swaps at June 30, 2017 and December 31, 2016 was an asset of $0.1 million in both periods and is included in the line item "Other assets, net" within the Condensed Consolidated Balance Sheets.

We do not enter into derivative instruments for any purpose other than for cash flow hedging purposes.

Deficiency Payments

Pursuant to our obligations with respect to the parking garage operations at Bradley International Airport, we are required to make certain deficiency payments for the benefit of the State of Connecticut and for holders of special facility revenue bonds. The deficiency payments represent contingent interest bearing advances to the trustee to cover operating cash flow requirements. As of June 30, 2017, we had made $8.7 million of cumulative deficiency repayments from the trustee, net of payments. Deficiency payments made are recorded as increases to cost parking services and the reimbursements are recorded as reductions to cost of parking services. We believe these advances to be fully recoverable and will recognize the principal, interest and premium payments related to these deficiency payments when they are received. We do not directly guarantee the payment of any principal or interest on any debt obligations of the State of Connecticut or the trustee.

The total deficiency repayments (net of payments made), interest and premium received and recorded for the six months ended June 30, 2017 and 2016 were as follows:

	Three Months Ended		Six Months Ended	
(millions) (unaudited)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Deficiency repayments	$ 1.1	$ 1.1	$ 1.2	$ 1.2
Interest	$ 0.2	$ —	$ 0.2	$ 0.1
Premium	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Daily Cash Collections

As a result of day-to-day activity at our parking locations, we collect significant amounts of cash. Lease contract revenue is generally deposited into our local bank accounts, with a portion remitted to our clients in the form of rental payments according to the terms of the leases. Under management contracts, clients may require us to deposit the daily receipts into one of our local bank accounts, with the cash in excess of our operating expenses and management fees remitted to the clients at negotiated intervals. Other clients require us to deposit the daily receipts into client designated bank accounts and the clients then reimburse us for operating expenses and pay our management fee subsequent to month-end or may require segregated bank accounts for the receipts and disbursements at locations. Our working capital and liquidity may be adversely affected if a significant number of our clients require us to deposit all parking revenues into their respective accounts.

Our liquidity also fluctuates on an intra-month and intra-year basis depending on the contract mix and timing of significant cash payments. Additionally, our ability to utilize cash deposited into our local accounts is dependent upon the availability and movement of that cash into our corporate account. For all these reasons, from time to time, we carry a significant cash balance, while also utilizing our Restated Credit Facility.

Summary of Cash Flows

(millions) (unaudited)	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net cash provided by operating activities	$ 27.4	$ 21.3
Net cash provided by (used in) investing activities	$ 5.8	$ (6.1)
Net cash used in financing activities	$ (28.0)	$ (11.8)

Operating Activities

Our primary sources of funds are cash flows from operating activities and changes in operating assets and liabilities.

Net cash provided by operating activities totaled $27.4 million for the six months ended June 30, 2017. Cash provided by operating activities for the first six months of 2017 included $27.6 million from operations; partially offset by changes in operating assets and liabilities that resulted in a use of $0.2 million. The net increase in operating assets and liabilities was a result of (i) a decrease in notes and accounts receivable of $0.5 million due to timing of collections; (ii) a net decrease in prepaid and other assets of $2.5 million mainly due to prepaid payroll and annual software maintenance; (iii) a $2.0 million decrease in accounts payable due to timing of payments to our clients as described under "Daily Cash Collections" and (v) a $1.2 million net decrease in accrued liabilities primarily related to timing of payments including payment of our 2016 performance-based compensation accrual as well as a reduction in customer deposits.

Net cash provided by operating activities totaled $21.3 million for six months ended June 30, 2016. Cash provided by operating activities for the first six months of 2016 included $30.0 million from operations; partially offset by changes in operating assets and liabilities that resulted in a use of $8.7 million. The net increase in operating assets and liabilities resulted primarily from (i) an increase in notes and accounts receivable of $9.1 million due to timing of collections; (ii) an increase in prepaid and other assets of $6.9 million due to prepaid operating expenses, primarily related to prepaid payroll; and (iii) a $0.7 million net decrease in accrued liabilities primarily related to timing of payments including payment of our 2015 performance-based compensation accrual in the first quarter of 2016, partially offset by an increase in the accrual for our 2016 performance-based program paid in early 2017 and accrued income taxes and (iv) an $8.0 million increase in accounts payable due to timing of payments to our clients as described under "Daily Cash Collections".

Investing Activities

Net cash provided by investing activities totaled $5.8 million for the six months ended June 30, 2017. Cash provided by investing activities for the six months ended June 30, 2017 included (i) $8.4 million in proceeds received from the sale of an equity method investee's sale of assets, (ii) $0.6 million of proceeds received and relating to the final earn-out payment from buyer for the security business sold in 2015, and (iii) $0.6 million of proceeds from the sale of assets and contract terminations; offset by (iv) $3.5 million for capital investments needed to secure and/or extend lease facilities and investments in information system enhancements and infrastructure and (v) $0.3 million for cost of contract purchases.

Net cash used in investing activities totaled $6.1 million in the six months ended June 30, 2016. Cash used in investing activities for the six months ended June 30, 2016 included (i) $8.6 million for capital investments needed to secure and/or extend lease facilities and investments in information system enhancements and infrastructure and (ii) $0.4 million for cost of contract purchases; offset by (iii) $2.9 million of proceeds from the sale of assets and contract terminations.

Financing Activities

Net cash used in financing activities totaled $28.0 million in the six months ended June 30, 2017. Cash used in financing activities for the six months ended June 30, 2017 included (i) net payments of $16.3 million on the Restated Credit Facility revolver; (ii) $10.0 million for payments on the Restated Credit Facility term loan; (iii) $1.4 million of distributions to noncontrolling interest; (iv) $0.2 million for payments on other long-term debt obligations and (v) $0.1 million on payments for debt issuance costs.

Net cash used in financing activities totaled $11.8 million in the six months ended June 30, 2016. Cash used in financing activities for the six months ended June 30, 2016 included (i) net payments on the Restated Credit Facility revolver of $1.4 million; (ii) $2.0 million of distributions to noncontrolling interest; (iii) $7.5 million for payments on the Restated Credit Facility term loan, (iv) $0.2 million for payments on other long-term borrowings, (v) $0.1 million on payments for debt issuance costs and (vi) $0.6 million on the repurchase of common stock.

Cash and Cash Equivalents

We had cash and cash equivalents of $27.5 million and $22.2 million at June 30, 2017 and December 31, 2016, respectively. Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements were $0.4 million and $0.3 million as of June 30, 2017 and December 31, 2016, respectively, and are included within Cash and cash equivalents within the Condensed Consolidated Balance Sheets.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in our Form 10-K for the year-ended December 31, 2016.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we conducted an evaluation, under supervision and with the participation of management, including the chief executive officer, chief financial officer and corporate controller, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Based upon that evaluation, our chief executive officer, chief financial officer and corporate controller concluded that our disclosure controls and procedures were effective as of June 30, 2017. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC 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 us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls Over Financial Reporting

There have been no significant changes in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations of the Effectiveness of Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to litigation in the normal course of our business. The outcomes of legal proceedings and claims brought against us and other loss contingencies are subject to significant uncertainty. We accrue a charge against income when our management determines that it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. In addition, we accrue for the authoritative judgments or assertions made against us by government agencies at the time of their rendering regardless of our intent to appeal. In addition, we are from time-to-time party to litigation, administrative proceedings and union grievances that arise in the normal course of business, and occasionally pay non-material amounts to resolve claims or alleged violations of regulatory requirements. There are no "normal course" matters that separately or in the aggregate, would, in the opinion of management, have a material adverse effect on our operations, financial condition or cash flow.

In determining the appropriate loss contingencies, we consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of potential loss. We regularly evaluate current information available to us to determine whether an accrual should be established or adjusted. Estimating the probability that a loss will occur and estimating the amount of a potential loss or a range of potential loss involves significant estimation and judgment.

See Note 2. *Legal and Other Commitments and Contingencies* to the Condensed Financial Statements included in Item 1. "Financial Statements" for disclosures related to the Holten Settlement reached in March 2016.

See Note 3. *Central Merger and Restructuring, Merger and Integration Costs* to the Condensed Financial Statements included in Item 1. "Financial Statements" for disclosures related to the Settlement Agreement with former Central Stockholders in December 2016.

Item 1A. Risk Factors

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Item 2. Unregistered Sales of Equity and Use of Proceeds

There were no sales or repurchases of stock in the three months ended June 30, 2017.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Index to Exhibits

Exhibit Number	Description
31.1*	Section 302 Certification dated August 2, 2017 for G Marc Baumann, Director, President and Chief Executive Officer (Principal Executive Officer).
31.2*	Section 302 Certification dated August 2, 2017 for Vance C. Johnston, Chief Financial Officer and Treasurer (Principal Financial Officer).
31.3*	Section 302 Certification dated August 2, 2017 for Kristopher H. Roy, Senior Vice President, Corporate Controller and Assistant Treasurer (Principal Accounting Officer).
32**	Certification pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 2, 2017.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

** Furnished herewith

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.

SP PLUS CORPORATION

Dated: August 2, 2017

By: /s/ G MARC BAUMANN
G Marc Baumann
Director, President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 2, 2017

By: /s/ VANCE C. JOHNSTON
Vance C. Johnston
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Dated: August 2, 2017

By: /s/ KRISTOPHER H. ROY
Kristopher H. Roy
Senior Vice President, Corporate Controller
and Assistant Treasurer
(Principal Accounting Officer and Duly Authorized Officer)

Exhibit 31.1

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, G Marc Baumann, certify that:

1. I have reviewed this Form 10-Q of SP Plus 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(s) 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(s) 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.

By: /s/ G MARC BAUMANN

G Marc Baumann

Director, President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Vance C. Johnston, certify that:

1. I have reviewed this Form 10-Q of SP Plus 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(s) 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(s) 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.

By: /s/ VANCE C. JOHNSTON

Vance C. Johnston
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31.3

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Kristopher H. Roy, certify that:

1. I have reviewed this Form 10-Q of SP Plus 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(s) 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(s) 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.

By: /s/ KRISTOPHER H. ROY

Kristopher H. Roy
Senior Vice President, Corporate Controller
and Assistant Treasurer
(Principal Accounting Officer and Duly Authorized Officer)

Date: August 2, 2017

Exhibit 32

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 SP Plus Corporation (the "Company") for the quarterly period ending June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and

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

/s/ G MARC BAUMANN

Name: G Marc Baumann

Title: Director, President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

/s/ VANCE C. JOHNSTON

Name: Vance C. Johnston

Title: *Executive Vice President, Chief Financial Officer and Treasurer*
(Principal Financial Officer)

Date: August 2, 2017

/s/ KRISTOPHER H. ROY

Name: Kristopher H. Roy

Title: *Senior Vice President, Corporate Controller*
and Assistant Treasurer
(Principal Accounting Officer and Duly Authorized Officer)

Date: August 2, 2017

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, or the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.