

Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended		Nine Months Ended		
	September 30, 2016	2015 ⁽¹⁾	June 30, 2016	September 30, 2016	2015 ⁽¹⁾
Revenue					
Nurse and allied solutions	286,810	246,748	292,663	877,197	690,234
Locum tenens solutions	108,553	101,755	109,129	320,420	285,835
Other workforce solutions	77,273	34,356	71,937	216,750	84,444
	<u>472,636</u>	<u>382,859</u>	<u>473,729</u>	<u>1,414,367</u>	<u>1,060,513</u>
Segment operating income ⁽²⁾					
Nurse and allied solutions	37,396	32,354	39,503	118,517	90,875
Locum tenens solutions	14,026	13,321	16,317	43,634	34,142
Other workforce solutions	20,867	13,074	17,858	56,311	28,397
	<u>72,289</u>	<u>58,749</u>	<u>73,678</u>	<u>218,462</u>	<u>153,414</u>
Unallocated corporate overhead	14,235	13,127	14,420	42,460	35,093
Adjusted EBITDA ⁽³⁾	58,054	45,622	59,258	176,002	118,321
Adjusted EBITDA margin ⁽⁴⁾	12.3%	11.9%	12.5%	12.4%	11.2%
Depreciation and amortization	7,789	5,304	7,334	21,888	15,631
Share-based compensation	2,704	2,021	2,710	8,795	6,551
Acquisition and integration costs	878	690	1,336	3,448	3,588
Income from operations	<u>46,683</u>	<u>37,607</u>	<u>47,878</u>	<u>141,871</u>	<u>92,551</u>
Operating margin ⁽⁵⁾	9.9%	9.8%	10.2%	10.0%	8.7%
Interest expense, net, and other	3,016	2,013	2,800	9,065	5,797
Income before income taxes	43,667	35,594	45,078	132,806	86,754
Income tax expense	16,371	1,947	18,756	53,319	25,028
Net income	<u>27,296</u>	<u>33,647</u>	<u>26,322</u>	<u>79,487</u>	<u>61,726</u>

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	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2016	2015	2016	2016	2015
GAAP diluted net income per share (EPS)	\$0.55	\$0.69	\$0.53	\$1.61	\$1.27
Adjustments:					
Amortization of intangible assets	0.09	0.06	0.09	0.28	0.18
Acquisition and integration costs	0.02	0.01	0.03	0.07	0.07
IRS Adjustment	0.00	(0.25)	0.00	0.00	(0.25)
Tax effect of adjustments	(0.04)	(0.03)	(0.04)	(0.14)	(0.10)
Adjusted diluted EPS ⁽⁶⁾	\$0.62	\$0.48	\$0.61	\$1.82	\$1.17

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(1) Effective as of January 1, 2016, we modified our reportable segments. We previously utilized three reportable segments, which we identified as follows: (a) nurse and allied healthcare staffing, (b) locum tenens staffing and (c) physician permanent placement services. In light of our acquisitions over the past several years as well as our transition to a healthcare workforce solutions company, our management renamed our three reportable segments and also placed several of our business lines that were in our nurse and allied healthcare staffing segment into a different segment to better reflect how the business is evaluated by our chief operating decision maker. As of January 1, 2016, we began to disclose the following three reportable segments: (a) nurse and allied solutions, (b) locum tenens solutions, and (c) other workforce solutions. The nurse and allied solutions segment consists of our travel nurse, allied and local staffing businesses. The locum tenens solutions segment consists of our locum tenens staffing business. The other workforce solutions segment consists of our healthcare interim leadership staffing and executive search services business, physician permanent placement services business, recruitment process outsourcing business, vendor management systems business, workforce optimization services business, medical coding and related consulting business, and our education business. Prior period data has been reclassified to conform to the new segment reporting structure.

(2) **Segment operating income** represents net income plus interest expense (net of interest income) and other, income tax expense, depreciation and amortization, unallocated corporate overhead, acquisition and integration costs and share-based compensation.

(3) **Adjusted EBITDA** represents net income plus interest expense (net of interest income) and other, income tax expense, depreciation and amortization, acquisition and integration costs and share-based compensation. Management believes that adjusted EBITDA provides an effective measure of the Company's results, as it excludes certain items that management believes are not indicative of the Company's operating performance and is a measure used in credit facilities and the indenture governing our 5.125% Senior Notes due 2024. Adjusted EBITDA is not intended to represent cash flows for the period, nor has it been presented as an alternative to income from operations or net income as an indicator of operating performance. Although management believes that some of the items excluded from adjusted EBITDA are not indicative of the Company's operating performance, these items do impact the statement of comprehensive income, and management therefore utilizes adjusted EBITDA as an operating performance measure in conjunction with GAAP measures such as net income.

(4) **Adjusted EBITDA margin** represents adjusted EBITDA divided by revenue.

(5) **Operating margin** represents income from operations divided by revenue.

(6) **Adjusted diluted EPS** represents GAAP diluted EPS excluding the impact of (A) amortization of intangible assets, (B) acquisition and integration costs, (C) IRS adjustment, and (D) tax effect, if any, of the foregoing adjustments. Management included this non-GAAP measure to provide investors and prospective investors with an alternative method for assessing the Company's operating results in a manner that is focused on its operating performance and to provide a more consistent basis for comparison between periods. However, investors and prospective investors should note that this non-GAAP measure involves judgment by management (in particular, judgment as to what is classified as a special item to be excluded from adjusted diluted EPS). Although management believes the items excluded from adjusted diluted EPS are not indicative of the Company's operating performance, these items do impact the statement of comprehensive income, and management therefore utilizes adjusted diluted EPS as an operating performance measure in conjunction with GAAP measures such as GAAP diluted EPS.

Reconciliation of Guidance Adjusted EBITDA Margin to Guidance Operating Margin

	Three Months Ending	
	December 31, 2016	
	Low	High
Adjusted EBITDA margin	11.5%	12.0%
Deduct:		
Share-based compensation		0.6%
Acquisition and integration costs		0.2%
EBITDA margin	10.7%	11.2%
Depreciation and amortization		1.6%
Operating margin	9.1%	9.6%