

Reconciliation of Non-GAAP Items (Unaudited)

(\$ in thousands, except per share amounts)	Three Months Ended			Twelve Months Ended	
	December 31,		September 30,	December 31,	
	2016	2015 ⁽¹⁾	2016	2016	2015 ⁽¹⁾
Revenue					
Nurse and allied solutions	307,898	263,019	286,810	1,185,095	953,253
Locum tenens solutions	103,822	99,256	108,553	424,242	385,091
Other workforce solutions	76,138	40,277	77,273	292,888	124,721
	<u>487,858</u>	<u>402,552</u>	<u>472,636</u>	<u>1,902,225</u>	<u>1,463,065</u>
Segment operating income ⁽²⁾					
Nurse and allied solutions	43,262	33,094	37,396	161,779	123,969
Locum tenens solutions	15,123	13,869	14,026	58,757	48,011
Other workforce solutions	21,139	11,993	20,867	77,450	40,390
	<u>79,524</u>	<u>58,956</u>	<u>72,289</u>	<u>297,986</u>	<u>212,370</u>
Unallocated corporate overhead	18,649	12,101	14,235	61,109	47,194
Adjusted EBITDA ⁽³⁾	60,875	46,855	58,054	236,877	165,176
Adjusted EBITDA margin ⁽⁴⁾	12.5%	11.6%	12.3%	12.5%	11.3%
Depreciation and amortization	7,732	5,322	7,789	29,620	20,953
Share-based compensation	2,604	3,733	2,704	11,399	10,284
Acquisition and integration costs	778	1,472	878	4,226	5,060
Income from operations	<u>49,761</u>	<u>36,328</u>	<u>46,683</u>	<u>191,632</u>	<u>128,879</u>
Operating margin ⁽⁵⁾	10.2%	9.0%	9.9%	10.1%	8.8%
Interest expense, net, and other	6,400	1,993	3,016	15,465	7,790
Income before income taxes	43,361	34,335	43,667	176,167	121,089
Income tax expense	17,010	14,170	16,371	70,329	39,198
Net income	<u>26,351</u>	<u>20,165</u>	<u>27,296</u>	<u>105,838</u>	<u>81,891</u>

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	Three Months Ended			Twelve Months Ended	
	December 31,		September 30,	December 31,	
	2016	2015	2016	2016	2015
GAAP diluted net income per share (EPS)	\$0.54	\$0.41	\$0.55	\$2.15	\$1.68
Adjustments:					
Amortization of intangible assets	0.10	0.06	0.09	0.37	0.24
Acquisition and integration costs	0.01	0.03	0.02	0.09	0.10
IRS Adjustment	0.00	0.00	0.00	0.00	(0.25)
Debt financing related costs	0.02	0.00	0.00	0.02	0.00
Tax effect of adjustments	(0.05)	(0.03)	(0.04)	(0.19)	(0.13)
Adjusted diluted EPS ⁽⁶⁾	\$0.62	\$0.47	\$0.62	\$2.44	\$1.64

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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, local and labor disruption and rapid response 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, (D) debt financing related costs, and (E) 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

	<u>Three Months Ending</u> <u>March 31, 2017</u>
Adjusted EBITDA margin	12.5% ⁽¹⁾
Deduct:	
Share-based compensation	0.5%
Acquisition and integration costs	0.1%
EBITDA margin	11.9%
Depreciation and amortization	1.6%
Operating margin	10.3%

(1) Guidance percentage metrics are approximate. No significant labor disruption revenues are projected for this quarter.