Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2019	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
Revenue					
Nurse and allied solutions	$ 388,776	$ 329,317	$ 362,533	$ 1,419,965	$ 1,306,516
Locum tenens solutions	77,925	81,850	84,164	324,653	393,366
Other workforce solutions	120,191	117,468	120,900	477,489	436,192
	$ 586,892	$ 528,635	$ 567,597	$ 2,222,107	$ 2,136,074
Segment operating income [(1)]					
Nurse and allied solutions	$ 55,646	$ 45,521	$ 47,544	$ 199,806	$ 183,427
Locum tenens solutions	6,123	7,027	6,156	25,108	41,348
Other workforce solutions	29,104	27,104	27,806	110,225	104,541
	90,873	79,652	81,506	335,139	329,316
Unallocated corporate overhead	15,434	13,281	12,255	57,740	58,938
Adjusted EBITDA [(2)]	$ 75,439	$ 66,371	$ 69,251	$ 277,399	$ 270,378
Adjusted EBITDA margin [(3)]	12.9%	12.6%	12.2%	12.5%	12.7%
Net income	$ 27,482	$ 35,613	$ 23,515	$ 113,988	$ 141,741
Income tax expense	10,627	14,781	8,394	34,500	44,944
Income before income taxes	38,109	50,394	31,909	148,488	186,685
Interest expense, net, and other [(4)]	8,859	(217)	7,830	28,427	16,143
Income from operations	46,968	50,177	39,739	176,915	202,828
Operating margin [(5)]	8.0%	9.5%	7.0%	8.0%	9.5%
Depreciation and amortization	17,007	11,449	17,085	58,520	41,237
Share-based compensation [(6)]	4,528	2,861	2,825	16,241	10,815
Acquisition, integration, and other costs [(7)]	6,936	1,884	9,602	25,723	3,358
Legal settlement accrual increases [(8)]	—	—	—	—	12,140
Adjusted EBITDA [(2)]	$ 75,439	$ 66,371	$ 69,251	$ 277,399	$ 270,378

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Reconciliation of Non-GAAP Items (Unaudited)

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	Three Months Ended			Twelve Months Ended	
	December 31,		Sept 30,	December 31,	
	2019	2018	2019	2019	2018
Net income	$ 27,482	$ 35,613	$ 23,515	$ 113,988	$ 141,741
Adjustments:					
Amortization of intangible assets	11,074	6,640	11,411	36,493	24,239
Acquisition, integration, and other costs (7)	6,936	1,884	9,602	25,723	3,358
Legal settlement accrual increases (8)	—	—	—	—	12,140
Equity investment fair value changes (4)	—	(5,990)	—	—	(7,349)
Debt financing related costs	594	—	—	594	574
Tax effect of above adjustments	(4,838)	(659)	(5,463)	(16,331)	(8,570)
Tax correction related to prior periods (9)	—	—	—	—	(2,501)
Tax effect of COLI fair value changes (10)	(1,002)	1,676	(162)	(3,266)	1,676
Excess tax deficiencies (benefits) related to equity awards (11)	203	(302)	(576)	(5,915)	(5,401)
Adjusted net income (12)	$ 40,449	$ 38,862	$ 38,327	$ 151,286	$ 159,907
GAAP diluted net income per share (EPS)	$ 0.58	$ 0.74	$ 0.49	$ 2.40	$ 2.91
Adjustments	0.27	0.07	0.32	0.78	0.38
Adjusted diluted EPS (13)	$ 0.85	$ 0.81	$ 0.81	$ 3.18	$ 3.29

Reconciliation of Non-GAAP Items (Unaudited)

(1) **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, legal settlement accrual increases and share-based compensation.
(2) **Adjusted EBITDA** represents net income plus interest expense (net of interest income) and other, income tax expense, depreciation and amortization, acquisition and integration costs, legal settlement accrual increases 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 the Company's credit agreement and the indenture governing our 5.125% Senior Notes due 2024 and our 4.625% Senior Notes due 2027. 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 in the calculation of 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.
(3) **Adjusted EBITDA margin** represents adjusted EBITDA divided by revenue.
(4) As a result of the adoption of a new accounting pronouncement on January 1, 2018, the Company now measures equity investments, except those accounted for using the equity method of accounting, at fair value with changes in fair value recognized through net income. For the three and twelve months ended December 31, 2018, changes in fair value of equity investments recognized in interest expense, net, and other were $5,990,000 and $7,349,000, respectively. Since these favorable changes in fair value are unrelated to the Company's operating performance, we excluded their impact from the calculation of adjusted diluted EPS for the three and twelve months ended December 31, 2018.
(5) **Operating margin** represents income from operations divided by revenue.
(6) Share-based compensation for twelve months ended December 31, 2018 was partially offset by a $1,610,000 reduction related to performance equity awards during the third quarter of 2018. Share-based compensation for the twelve months ended December 31, 2019 was impacted by two modifications during the first quarter and effective in 2019, a new vesting condition that resulted in accelerated expense recognition, and $1,209,000 of additional expense related to the performance equity awards during the fourth quarter of 2019.
(7) Acquisition, integration, and other costs for the three and twelve months ended December 31, 2019, respectively, include net increases in the fair value of contingent consideration liabilities for recently acquired companies of $4,895,000 and $7,178,000, respectively, and extraordinary legal expenses of approximately $400,000 and $7,100,000, respectively. Beginning in 2019, we exclude the impact of extraordinary legal expenses from the calculation of adjusted EBITDA because we believe that these expenses are not indicative of the Company's operating performance.
(8) During the third quarter of 2018, the Company recorded increases to its legal accruals established in connection with settlement agreements entered into during September and October 2018 in two class actions related to wage and hour claims, both of which were paid during 2019. Since the settlements are largely unrelated to the Company's operating performance, we excluded their impact in the calculation of adjusted EBITDA, adjusted net income, and adjusted diluted EPS for the twelve months ended December 31, 2018. Amounts recorded in prior quarters in these two class actions and legal accruals related to other matters are immaterial and their impact was not excluded in the calculation of adjusted EBITDA, adjusted net income, or adjusted diluted EPS.
(9) During the first quarter of 2018, the Company recorded a net tax benefit to adjust for an immaterial out-of-period error identified in that quarter related to the income tax treatment of fair value changes in the cash surrender value of its company owned life insurance for years ended December 31, 2015 through December 31, 2017. These fair value changes had not previously been included as a benefit in the tax provision of the related years.

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Reconciliation of Non-GAAP Items (Unaudited)

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(10) The Company records net tax expense (benefit) related to the income tax treatment of the fair value changes in the cash surrender value of its company owned life insurance. Since this change in fair value is unrelated to the Company's operating performance, we excluded the impact on adjusted net income and adjusted diluted EPS.

(11) The consolidated effective tax rate is affected by the recording of excess tax benefits and tax deficiencies relating to equity awards vested and exercised during the period. As a result of the adoption of a new accounting pronouncement on January 1, 2017, we no longer record excess tax benefits and tax deficiencies to additional paid-in capital, but such excess tax benefits and tax deficiencies are now recognized in income tax expense. The magnitude of the impact of excess tax benefits and tax deficiencies generated in the future, which may be favorable or unfavorable, is dependent upon the Company's future grants of share-based compensation, the Company's future stock price on the date awards vest or exercise in relation to the fair value of the awards on the grant date or the exercise behavior of the Company's stock appreciation rights holders. Since these tax benefits and tax deficiencies are largely unrelated to our income before taxes and are unrepresentative of our normal effective tax rate, we excluded their impact in the calculation of adjusted net income and adjusted diluted EPS.

(12) **Adjusted net income** represents GAAP net income excluding the impact of the (A) amortization of intangible assets, (B) acquisition and integration costs, (C) extraordinary legal expenses, (D) legal settlement accrual increases, (E) changes in fair value of equity investments since January 1, 2018, (F) deferred financing costs, (G) tax effect, if any, of the foregoing adjustments, (H) excess tax benefits and tax deficiencies relating to equity awards vested and exercised since January 1, 2017, (I) correction of prior periods error, and (J) net tax expense related to the income tax treatment of fair value changes in the cash surrender value of its company owned life insurance. 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 in the calculation of adjusted net income). Although management believes the items in the calculation of from adjusted net income are not indicative of the Company's operating performance, these items do impact the statement of comprehensive income, and management therefore utilizes adjusted net income as an operating performance measure in conjunction with GAAP measures such as GAAP net income.

(13) **Adjusted diluted EPS** represents GAAP diluted EPS excluding the impact of the (A) amortization of intangible assets, (B) acquisition and integration costs, (C) extraordinary legal expenses, (D) legal settlement accrual increases, (E) changes in fair value of equity investments since January 1, 2018, (F) deferred financing costs, (G) tax effect, if any, of the foregoing adjustments, (H) excess tax benefits and tax deficiencies relating to equity awards vested and exercised since January 1, 2017, (I) correction of prior periods error, and (J) net tax expense related to the income tax treatment of fair value changes in the cash surrender value of its company owned life insurance. 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 in the calculation of adjusted diluted EPS). Although management believes the items in the calculation of 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 Operating Margin to Guidance Adjusted EBITDA Margin

	Three Months Ending March 31, 2020		
	Low[1]		High[1]
Operating margin	6.8%		7.0%
Depreciation and amortization		3.3%	
EBITDA margin	10.1%		10.3%
Share-based compensation		0.9%	
Acquisition, integration, and other costs		1.3%	
Adjusted EBITDA margin	12.3%		12.5%

(1) Guidance percentage metrics are approximate.