Reconciliation of Non-GAAP Items (Unaudited)

	Three Months Ended			Twelve Months Ended	
	December 31,		September 30,	December 31,	
(in thousands)	2018	2017	2018	2018	2017
Revenue					
Nurse and allied solutions	329,317	321,360	306,292	1,306,516	1,238,543
Locum tenens solutions	81,850	108,142	101,102	393,366	430,615
Other workforce solutions	117,468	79,574	119,448	436,192	319,296
	528,635	509,076	526,842	2,136,074	1,988,454
Segment operating income [1]					
Nurse and allied solutions	45,521	48,154	42,165	183,427	182,792
Locum tenens solutions	7,027	12,394	10,992	41,348	51,422
Other workforce solutions	27,104	19,366	29,010	104,541	81,154
	79,652	79,914	82,167	329,316	315,368
Unallocated corporate overhead	13,281	15,545	14,739	58,938	58,954
Adjusted EBITDA [2]	66,371	64,369	67,428	270,378	256,414
Adjusted EBITDA margin [3]	12.6%	12.6%	12.8%	12.7%	12.9%
Depreciation and amortization	11,449	8,520	11,296	41,237	32,279
Share-based compensation [4]	2,861	2,517	1,809	10,815	10,237
Acquisition and integration costs [5]	1,884	135	(452)	3,358	1,458
Legal settlement accrual increases [6]	—	—	12,140	12,140	—
Income from operations	50,177	53,197	42,635	202,828	212,440
Operating margin [7]	9.5%	10.4%	8.1%	9.5%	10.7%
Interest expense, net, and other [8]	(217)	4,782	4,649	16,143	19,677
Income before income taxes	50,394	48,415	37,986	186,685	192,763
Income tax expense	14,781	7,248	10,068	44,944	60,205
Net income	35,613	41,167	27,918	141,741	132,558

Reconciliation of Non-GAAP Items (Unaudited)

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	Three Months Ended			Twelve Months Ended	
	December 31,		September 30,	December 31,	
	2018	2017	2018	2018	2017
GAAP diluted net income per share (EPS)	$ 0.74	$ 0.84	$ 0.58	$ 2.91	$ 2.68
Adjustments:					
Amortization of intangible assets	0.14	0.10	0.14	0.50	0.38
Acquisition and integration costs (5)	0.04	—	(0.01)	0.07	0.03
Legal settlement accrual increases (6)	—	—	0.25	0.25	—
Equity investment fair value changes (8)	(0.13)	—	(0.03)	(0.15)	—
Debt financing related costs	—	—	—	0.01	—
Tax effect of above adjustments	(0.01)	(0.04)	(0.09)	(0.18)	(0.16)
Tax correction related to prior periods (9)	—	—	—	(0.05)	—
Tax effect of COLI fair value changes (10)	0.04	—	—	0.04	—
Tax law effect on deferred taxes (11)	—	(0.27)	—	—	(0.26)
Excess tax benefits (11)	(0.01)	—	—	(0.11)	(0.11)
Adjusted diluted EPS (12)	0.81	0.63	0.84	3.29	2.56

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. 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) Share-based compensation for the three months ended September 30, 2018 was partially offset by a $1,610,000 reduction related to performance equity awards.
(5) Acquisition and integration costs of $874,000 for the three months ended September 30, 2018 were partially offset by a decrease in contingent consideration liabilities for recently acquired companies of $1,326,000.
(6) 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 are considered probable. For the three months ended September 30, 2018, the increases amounted to $12,140,000. Since the settlements are largely unrelated to the Company’s operating performance, we excluded their impact in the calculation of adjusted EBITDA and adjusted diluted EPS for the three months ended September 30, 2018 and 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 or adjusted diluted EPS in those prior quarters. Beginning in 2019, we expect to exclude the impact of our accrued legal fees and expenses associated with an antitrust legal matter from the calculation of adjusted EBITDA because we believe that the expense associated with this matter is largely unrelated to the Company's operating performance.
(7) **Operating margin** represents income from operations divided by revenue.
(8) 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.
(9) During the first quarter of 2018, the Company recorded a net tax benefit of $2,501,000 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 recorded a net tax expense of $1,676,000 related to the income tax treatment of the fair value changes in the cash surrender value of its company owned life insurance for the quarter ended December 31, 2018. Since this change in fair value is unrelated to the Company's operating performance, we excluded the impact on adjusted diluted EPS for the three and twelve months ended December 31, 2018.

(11) The consolidated effective tax rate for the three and twelve months ended December 31, 2018 was favorably affected by the recording of excess tax benefits 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 as an increase to additional paid-in capital, but record such excess tax benefits on a prospective basis as a reduction of income tax expense, which amounted to $302,000 and $68,000 for the three months ended December 31, 2018 and 2017, respectively. For the twelve months ended December 31, 2018 and 2017, excess tax benefits recorded as a reduction of income tax expense were $5,401,000 and $5,449,000, respectively. The magnitude of the impact of excess tax benefits 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 favorable tax benefits are largely unrelated to our current year's income before taxes and are unrepresentative of our normal effective tax rate, we excluded their impact in the calculation of adjusted diluted EPS for the three and twelve months ended December 31, 2018 and 2017. In addition, during the quarter ended December 31, 2017, we recorded a discrete net tax benefit of $14,039,000 and a discrete tax expense of $1,000,000 from a remeasurement of our deferred tax assets and liabilities related to the impact of the Tax Cuts and Jobs Act and prior period share based awards, respectively. We excluded these non-cash items in the calculation of adjusted diluted EPS for the three and twelve months ended December 31, 2017 as they were unrelated to our prior year's income before taxes.

(12) **Adjusted diluted EPS** represents GAAP diluted EPS excluding the impact of the (A) amortization of intangible assets, (B) acquisition and integration costs, (C) legal settlement accrual increases, (D) changes in fair value of equity investments since January 1, 2018, (E) write offs of deferred financing costs related to debt extinguishment, (F) tax effect, if any, of the foregoing adjustments, (G) excess tax benefits relating to equity awards vested and exercised since January 1, 2017, (H) correction of prior periods error, and (I) 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 Adjusted EBITDA Margin to Guidance Operating Margin

	Three Months Ending March 31, 2019
Adjusted EBITDA margin [1]	12.0%
Deduct:	
Share-based compensation	1.1%
Acquisition and integration costs	0.4%
EBITDA margin	10.5%
Depreciation and amortization	2.2%
Operating margin	8.3%

(1) Guidance percentage metrics are approximate.