

Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2016	2015 ⁽¹⁾	2016	2016	2015 ⁽¹⁾
Revenue					
Nurse and allied solutions	292,663	226,494	297,724	590,387	443,486
Locum tenens solutions	109,129	97,388	102,738	211,867	184,080
Other workforce solutions	71,937	26,262	67,540	139,477	50,088
	<u>473,729</u>	<u>350,144</u>	<u>468,002</u>	<u>941,731</u>	<u>677,654</u>
Segment operating income ⁽²⁾					
Nurse and allied solutions	39,503	31,159	41,618	81,121	58,521
Locum tenens solutions	16,317	11,711	13,291	29,608	20,821
Other workforce solutions	17,858	7,513	17,586	35,444	15,323
	<u>73,678</u>	<u>50,383</u>	<u>72,495</u>	<u>146,173</u>	<u>94,665</u>
Unallocated corporate overhead	14,420	11,006	13,805	28,225	21,966
Adjusted EBITDA ⁽³⁾	59,258	39,377	58,690	117,948	72,699
Adjusted EBITDA margin ⁽⁴⁾	12.5%	11.2%	12.5%	12.5%	10.7%
Depreciation and amortization	7,334	5,232	6,765	14,099	10,327
Share-based compensation	2,710	2,153	3,381	6,091	4,530
Acquisition and integration costs	1,336	1,833	1,234	2,570	2,898
Income from operations	<u>47,878</u>	<u>30,159</u>	<u>47,310</u>	<u>95,188</u>	<u>54,944</u>
Operating margin ⁽⁵⁾	10.1%	8.6%	10.1%	10.1%	8.1%
Interest expense, net, and other	2,800	1,977	3,249	6,049	3,784
Income before income taxes	45,078	28,182	44,061	89,139	51,160
Income tax expense	18,756	12,312	18,192	36,948	23,081
Net income	<u>26,322</u>	<u>15,870</u>	<u>25,869</u>	<u>52,191</u>	<u>28,079</u>

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	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2016	2015	2016	2016	2015
GAAP diluted net income per share (EPS)	\$0.53	\$0.32	\$0.53	\$1.06	\$0.58
Adjustments:					
Amortization of intangible assets	0.09	0.06	0.09	0.18	0.12
Acquisition and integration costs	0.03	0.04	0.03	0.05	0.06
Tax effect of adjustments	(0.04)	(0.04)	(0.05)	(0.09)	(0.1)
Adjusted diluted EPS ⁽⁶⁾	\$0.61	\$0.38	\$0.60	\$1.20	\$0.69

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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 includes our nurse, allied, and local staffing businesses. The locum tenens solutions segment includes our locum tenens staffing business. The other workforce solutions segment includes 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 consulting business, and 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. 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 1) amortization of intangible assets, 2) acquisition and integration costs, and 3) tax effect of 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>September 30, 2016</u>	
	<u>Low</u>	<u>High</u>
Adjusted EBITDA margin	11.5%	12.0%
Deduct:		
Share-based compensation		0.6%
Acquisition and integration costs		0.2%
EBITDA margin	<u>10.7%</u>	<u>11.2%</u>
Depreciation and amortization		1.7%
Operating margin	<u><u>9.0%</u></u>	<u><u>9.5%</u></u>