Reconciliation of Non-GAAP Items (Unaudited)

	Three Months Ended		
	March 31,		December 31,
(in thousands)	2020	2019	2019
Revenue			
Nurse and allied solutions	$ 424,346	$ 373,472	$ 422,705
Physician and leadership solutions	137,842	137,077	139,394
Technology and workforce solutions	40,273	21,892	24,793
	$ 602,461	$ 532,441	$ 586,892
Segment operating income [1]			
Nurse and allied solutions	$ 59,608	$ 53,556	$ 61,021
Physician and leadership solutions	14,569	15,872	19,098
Technology and workforce solutions	15,295	10,383	10,754
	89,472	79,811	90,873
Unallocated corporate overhead	15,491	13,834	15,434
Adjusted EBITDA [2]	$ 73,981	$ 65,977	$ 75,439
Adjusted EBITDA margin [3]	12.3%	12.4%	12.9%
Net income	$ 12,965	$ 34,122	$ 27,482
Income tax expense	11,724	5,257	10,627
Income before income taxes	$ 24,689	$ 39,379	$ 38,109
Interest expense, net, and other [4]	11,054	5,673	8,859
Income from operations	35,743	45,052	46,968
Operating margin [5]	5.9%	8.5%	8.0%
Depreciation and amortization	20,089	11,710	17,007
Depreciation (included in cost of revenue) [6]	145	—	—
Share-based compensation	4,927	5,186	4,528
Acquisition, integration, and other costs [7]	13,077	4,029	6,936
Adjusted EBITDA [2]	$ 73,981	$ 65,977	$ 75,439

Reconciliation of Non-GAAP Items (Unaudited)

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	Three Months Ended		
	March 31,		December 31,
	2020	2019	2019
Net income	$ 12,965	$ 34,122	$ 27,482
Adjustments:			
Amortization of intangible assets	13,431	6,651	11,074
Acquisition, integration, and other costs (7)	13,077	4,029	6,936
Equity instrument fair value changes (4)	1,298	—	—
Debt financing related costs	—	—	594
Tax effect of above adjustments	(7,230)	(2,777)	(4,838)
Tax effect of COLI fair value changes (8)	5,255	(1,527)	(1,002)
Excess tax deficiencies (benefits) related to equity awards (9)	(1,221)	(4,569)	203
Adjusted net income (10)	$ 37,575	$ 35,929	$ 40,449
GAAP diluted net income per share (EPS)	$ 0.27	$ 0.71	$ 0.58
Adjustments	0.52	0.04	0.27
Adjusted diluted EPS (11)	$ 0.79	$ 0.75	$ 0.85

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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, depreciation (included in cost of revenue), unallocated corporate overhead, acquisition, integration, and other costs, 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, depreciation (included in cost of revenue), acquisition, integration, and other costs, extraordinary legal expenses, 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 indentures 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 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.
(3) **Adjusted EBITDA margin** represents adjusted EBITDA divided by revenue.
(4) Interest expense, net, and other for the three months ended March 31, 2020 includes $1,298,000 related to changes in the fair value of equity instruments. Since the changes in fair value is unrelated to the Company's operating performance, we excluded the impact from the calculation of adjusted net income and adjusted diluted EPS for the three months ended March 31, 2020.
(5) **Operating margin** represents income from operations divided by revenue.
(6) A portion of depreciation expense for Stratus Video, which was acquired in February 2020, is included in cost of revenue for the three months ended March 31, 2020. Beginning in 2020, we exclude the impact of depreciation included in cost of revenue from the calculation of adjusted EBITDA.
(7) Acquisition, integration, and other costs for the three months ended March 31, 2020 include advisory fees contingent upon closing of the Stratus Video acquisition of $5,000,000. Acquisition, integration, and other costs of $4,029,000 for the three months ended March 31, 2019 included $2,100,000 of extraordinary legal expenses and a decrease in contingent consideration liabilities for recently acquired companies of $700,000. 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) 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.

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Reconciliation of Non-GAAP Items (Unaudited)

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(9) 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, the Company no longer records 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 excess 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.

(10) **Adjusted net income** represents GAAP net income excluding the impact of the (A) amortization of intangible assets, (B) acquisition, integration, and other costs, (C) extraordinary legal expenses, (D) changes in fair value of equity instruments, (E) write offs of deferred financing costs, (F) tax effect, if any, of the foregoing adjustments, (G) excess tax benefits and tax deficiencies relating to equity awards vested and exercised since January 1, 2017, and (H) 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 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.

(11) **Adjusted diluted EPS** represents adjusted net income divided by diluted weighted average common shares outstanding. 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 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 diluted EPS as an operating performance measure in conjunction with GAAP measures such as GAAP diluted EPS.