UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2009

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No.: 001-16753

AMN HEALTHCARE SERVICES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**06-1500476**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
12400 High Bluff Drive, Suite 100 San Diego, California	**92130**
(Address of principal executive offices)	**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (866) 871-8519

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 5, 2009, there were 32,629,112 shares of common stock, $0.01 par value, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. ***Condensed Consolidated Financial Statements***

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited and in thousands, except par value)

	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,488	$ 11,316
Accounts receivable, net of allowance of $4,256 and $4,542 at June 30, 2009 and December 31, 2008, respectively	114,542	182,562
Prepaid expenses	8,867	9,523
Income taxes receivable	1,425	3,440
Deferred income taxes, net	18,085	18,085
Other current assets	2,911	4,901
Total current assets	169,318	229,827
Fixed assets, net	24,034	24,018
Deposits and other assets	12,056	13,252
Goodwill	79,868	252,875
Intangible assets, net	117,738	122,845
Total assets	$ 403,014	$ 642,817
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	$ 3,274	$ 3,995
Accounts payable and accrued expenses	20,837	24,420
Accrued compensation and benefits	31,941	44,871
Revolving credit facility	—	31,500
Current portion of notes payable	12,201	14,580
Deferred revenue	5,699	7,184
Other current liabilities	15,892	14,722
Total current liabilities	89,844	141,272
Notes payable, less current portion	77,781	100,236
Deferred income taxes, net	7,382	58,466
Other long-term liabilities	56,592	58,710
Total liabilities	231,599	358,684
Subsequent events (Note 2)		
Stockholders' equity:		
Common stock, $0.01 par value; 200,000 shares authorized; 45,799 and 45,746 shares issued at June 30, 2009 and December 31, 2008, respectively	458	457
Additional paid-in capital	414,803	410,425
Treasury stock, at cost (13,170 shares at each June 30, 2009 and December 31, 2008)	(230,138)	(230,138)
Retained earnings (accumulated deficit)	(11,995)	105,465
Accumulated other comprehensive loss	(1,713)	(2,076)
Total stockholders' equity	171,415	284,133
Total liabilities and stockholders' equity	$ 403,014	$ 642,817

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue	$ 199,140	$ 312,691	$ 448,735	$ 606,284
Cost of revenue	145,463	230,153	331,075	446,291
Gross profit	53,677	82,538	117,660	159,993
Operating expenses:				
Selling, general and administrative	37,840	60,117	87,920	115,220
Restructuring charges	2,152	—	5,070	—
Impairment charges	—	—	175,707	—
Depreciation and amortization	3,442	3,738	6,909	7,088
Total operating expenses	43,434	63,855	275,606	122,308
Income (loss) from operations	10,243	18,683	(157,946)	37,685
Interest expense, net	2,320	2,660	4,519	5,471
Income (loss) before income taxes	7,923	16,023	(162,465)	32,214
Income tax expense (benefit)	3,549	7,508	(45,005)	14,976
Net income (loss)	$ 4,374	$ 8,515	$ (117,460)	$ 17,238
Net income (loss) per common share:				
Basic	$ 0.13	$ 0.25	$ (3.60)	$ 0.51
Diluted	$ 0.13	$ 0.25	$ (3.60)	$ 0.50
Weighted average common shares outstanding:				
Basic	32,621	33,833	32,599	33,832
Diluted	32,918	34,308	32,599	34,244

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE LOSS
Six Months Ended June 30, 2009
(Unaudited and in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings (accumulated deficit)	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount		Shares	Amount			
Balance, December 31, 2008	45,746	$ 457	$410,425	13,170	$(230,138)	$ 105,465	$ (2,076)	$ 284,133
Stock-based compensation	—	—	4,830	—	—	—	—	4,830
Restricted stock units (RSUs) vested and issued, net of tax withholdings	53	1	(152)	—	—	—	—	(151)
Income tax shortfall from RSUs vested and issued	—	—	(300)	—	—	—	—	(300)
Comprehensive income (loss):								
Foreign currency translation adjustment	—	—	—	—	—	—	35	35
Unrealized gain on derivative financial instruments, net of tax	—	—	—	—	—	—	328	328
Net loss	—	—	—	—	—	(117,460)	—	(117,460)
Total comprehensive loss								(117,097)
Balance, June 30, 2009	45,799	$ 458	$414,803	13,170	$(230,138)	$ (11,995)	$ (1,713)	$ 171,415

See accompanying notes to unaudited condensed consolidated financial statements.

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AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	$(117,460)	$ 17,238
Adjustments to reconcile net income (loss) to net cash provided by operating activities, net of effects from acquisitions:		
Depreciation and amortization	6,909	7,088
Non-cash interest expense	1,072	782
Provision for deferred income taxes	(51,603)	(1,382)
Stock-based compensation	4,830	4,505
Excess tax benefit from stock options and SARs exercised and RSUs vested and issued	—	(68)
Impairment charges	175,707	—
Loss on disposal or sale of fixed assets	60	73
Changes in assets and liabilities, net of effects from acquisition:		
Accounts receivable, net	68,020	(5,234)
Income taxes receivable	2,015	(1,049)
Prepaid expenses and other current assets	2,646	(3,738)
Deposits and other assets	2,058	(803)
Accounts payable and accrued expenses	(3,583)	6,342
Accrued compensation and benefits	(12,930)	4,742
Income taxes payable	—	(2,925)
Other liabilities	(3,796)	3,185
Net cash provided by operating activities	73,945	28,756
Cash flows from investing activities:		
Purchase and development of fixed assets	(2,434)	(5,139)
Purchase of intangible assets	—	(40)
Cash payment for holdback liability for 2005 acquisition	—	(8,500)
Cash paid for acquisition, net of cash received	—	(30,786)
Net cash used in investing activities	(2,434)	(44,465)
Cash flows from financing activities:		
Capital lease repayments	(383)	(326)
Payments on notes payable	(24,834)	(17,770)
Proceeds from revolving credit facility	—	54,500
Payments on revolving credit facility	(31,500)	(30,000)
Payment of financing costs	(1,785)	(618)
Repurchase of common stock	—	(6,448)
Proceeds from exercise of equity awards	12	3,416
Payment of employee tax withholdings from equity transactions	(163)	—
Excess tax benefit from stock options and SARs exercised and RSUs vested and issued	—	68
Change in bank overdraft, net of overdraft acquired	(721)	2,767
Net cash provided by (used in) financing activities	(59,374)	5,589
Effect of exchange rate changes on cash	35	(19)
Net increase (decrease) in cash and cash equivalents	12,172	(10,139)
Cash and cash equivalents at beginning of period	11,316	18,495
Cash and cash equivalents at end of period	$ 23,488	$ 8,356
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of $24 and $47 capitalized during the six months ended June 30, 2009 and 2008, respectively)	$ 3,322	$ 4,881
Cash paid for income taxes	$ 1,692	$ 19,520
Supplemental disclosures of non-cash investing and financing activities:		
Fixed assets acquired through capital leases	$ 2,145	$ 64
Fair value of assets acquired in acquisition, net of cash received	$ —	$ 8,778
Goodwill	—	11,557
Intangible assets	—	13,960
Liabilities assumed	—	(1,007)
Excess of net working capital payable	—	(166)
Holdback provision	—	(2,336)
Net cash paid for acquisitions	$ —	$ 30,786

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited and in thousands, except per share amounts)

1. BASIS OF PRESENTATION

The condensed consolidated balance sheets and related condensed consolidated statements of operations, stockholders' equity and comprehensive loss and cash flows contained in this Quarterly Report on Form 10-Q, which are unaudited, include the accounts of AMN Healthcare Services, Inc. (the "Company") and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all entries necessary for a fair presentation of such condensed consolidated financial statements have been included. These entries consisted only of normal recurring items. The results of operations for the interim period are not necessarily indicative of the results to be expected for any other interim period or for the entire fiscal year.

The condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with United States generally accepted accounting principles. Please refer to the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2008, contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the "SEC").

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, the Company evaluates its estimates, including those related to asset impairments, accruals for self-insurance, compensation and related benefits, accounts receivable, contingencies and litigation, valuation and recognition of share-based payments and income taxes. Actual results could differ from those estimates under different assumptions or conditions.

Certain amounts in the condensed consolidated financial statements for the three and six months ended June 30, 2008 have been reclassified to conform to the three and six months ended June 30, 2009 presentation.

The Company has evaluated subsequent events through the time of filing this Form 10-Q with the SEC on August 7, 2009.

Recently Adopted Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 165, *Subsequent Events* ("SFAS No. 165"). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. SFAS No. 165 is for interim or annual periods ending after June 15, 2009. SFAS No. 165 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether the date represents the date the financial statements were issued or were available to be issued. The Company adopted SFAS No. 165 during the quarter ended June 30, 2009, and the adoption did not have a material effect on its consolidated financial condition and results of operations.

In April 2009, the FASB issued FASB Staff Position ("FSP") FAS 107-1 and Accounting Principles Board ("APB") APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 amends Statement 107 and Opinion 28 by requiring disclosures of the fair value of financial instruments included within the scope of Statement 107 whenever a public company issues summarized financial information for interim reporting periods. This FSP is effective for interim reporting

periods ending after June 15, 2009. The Company adopted FSP FAS 107-1 and APB 28-1 during the second quarter of 2009, and the adoption did not have a material effect on its consolidated financial condition and results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value using generally accepted accounting principles, and expands disclosures related to fair value measurements. Subsequent to the issuance of SFAS No. 157, the FASB issued FSP 157-2 ("FSP 157-2"). FSP 157-2 delayed the effective date of the application of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company adopted all of the provisions of SFAS No. 157 on January 1, 2008 with the exception of the application of the statement to non-recurring nonfinancial assets and nonfinancial liabilities. On January 1, 2009, the Company adopted FSP 157-2 and included disclosures on the use of fair value measurements for our nonfinancial assets and liabilities in the accompanying note 6—Fair Value Measurement.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, *Business Combinations* ("SFAS No. 141R"). This statement establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. This statement also establishes disclosure requirements to enable financial statement users to evaluate the nature and financial effects of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, and interim periods within those fiscal years. Accordingly, any business combinations the Company engaged in were recorded and disclosed according to SFAS No. 141 until January 1, 2009. The Company expects SFAS No. 141R will have an impact on its consolidated financial statements, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions the Company consummates after the effective date of January 1, 2009.

In April 2009, the FASB issued FSP FAS 141R-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* ("FSP 141R-1"). FSP 141R-1 amends the guidance in SFAS No. 141R relating to the initial recognition and measurement, subsequent measurement and accounting, and disclosures of assets and liabilities arising from contingencies in a business combination. FSP 141R-1 is effective for fiscal years beginning after December 15, 2008. The Company did not initiate any acquisitions during the six months ended June 30, 2009, but the Company expects to apply the requirements of FSP FAS 141R-1 to any acquisitions that it might commence subsequent to the adoption of it on January 1, 2009.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* ("SFAS No. 161"). This statement requires entities that utilize derivative instruments to provide qualitative disclosures about their objectives and strategies for using such instruments, as well as any details of credit-risk-related contingent features contained within derivatives. SFAS No. 161 also requires entities to disclose additional information about the amounts and location of derivatives located within the financial statements, how the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133), have been applied, and the impact that hedges have on an entity's financial position, financial performance, and cash flows. Statement No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company adopted SFAS No. 161 beginning January 1, 2009, and the adoption did not have a material effect on its consolidated financial condition and results of operations.

In April 2008, the FASB issued FSP FAS No. 142-3, *Determination of the Useful Life of Intangible Assets* ("FSP FAS No. 142-3"). FSP FAS No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142, *Goodwill and Other Intangible Assets*, to include an entity's historical experience in renewing or extending

similar arrangements, adjusted for entity-specific factors, even when there is likely to be "substantial cost or material modifications." FSP FAS No. 142-3 states that in the absence of historical experience an entity should use assumptions that market participants would make regarding renewals or extensions, adjusted for entity-specific factors. The guidance for determining the useful life of intangible assets included in FSP FAS No. 142-3 will be applied prospectively to intangible assets acquired after the effective date of January 1, 2009. The Company adopted FSP No. FAS 142-3 beginning January 1, 2009, and the adoption did not have a material effect on its consolidated financial condition and results of operations.

In November 2008, the FASB ratified EITF Issue No. 08-7, *Accounting for Defensive Intangible Assets* ("EITF 08-7"). EITF 08-7 applies to defensive intangible assets, which are acquired intangible assets that the acquirer does not intend to actively use but intends to hold to prevent its competitors from obtaining access to them. As these assets are separately identifiable, EITF 08-7 requires an acquiring entity to account for defensive intangible assets as a separate unit of accounting which should be amortized to expense over the period the intangible asset will directly or indirectly affect the entity's cash flows. Defensive intangible assets must be recognized at fair value in accordance with SFAS No. 141R and SFAS No. 157. EITF 08-7 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company adopted FSP No. FAS 142-3 beginning January 1, 2009, and the adoption did not have a material effect on its consolidated financial condition and results of operations

In June 2008, the FASB issued FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions may be participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing basic earnings per share ("EPS") pursuant to the two-class method described in paragraphs 60 and 61 of FASB Statement No. 128, *Earnings per Share*. FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. The Company adopted FSP EITF 03-6-1 on January 1, 2009, but it did not have an impact on its consolidated financial condition and results of operations as the Company's unvested equity awards are not participating securities as defined by FSP EITF 03-6-1. The Company will comply with the provisions of FSP EITF 03-6-1 in the future should it become applicable to it.

2. STOCK-BASED COMPENSATION

The Company accounts for its share-based employee compensation plans under the provisions of revised SFAS No. 123R, *Share-Based Payment* ("SFAS No. 123R"). Under SFAS No. 123R, stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period.

On April 9, 2009, the Company amended the AMN Healthcare Equity Plan ("Equity Plan"), with stockholder approval, to increase the number of shares authorized under the Equity Plan by 1,850.

On July 20, 2009, the Company granted a key employee an employment inducement equity grant consisting of approximately 48 restricted stock units ("RSUs") (with three-year cliff vesting with a potential for accelerated vesting based on the Company's achievement of a targeted financial performance) and approximately 220 stock appreciation rights ("SARs") (with three-year graded vesting) at the fair market value as of July 20, 2009, which was determined in the same manner as equity awards made under the Company's Equity Plan. The grant date fair value of the above mentioned SARs and RSUs was $2.26 and $6.57 per share, respectively.

Stock Options and Stock Appreciation Rights

Stock-based compensation expense for the six months ended June 30, 2009 and June 30, 2008 for SARs granted was estimated at the date of grant using the Black-Scholes valuation model based on the following assumptions:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Expected term	3.9 years	3.9 years
Risk-free interest rate	1.8%	2.5%
Volatility	34%	30%
Dividend yield	0%	0%

The weighted average grant date fair value of the approximate 635 SARs granted during the six months ended June 30, 2009 was $2.44 per SAR, and the weighted average grant date fair value of the SARs granted during the six months ended June 30, 2008 was $4.35 per SAR. As of June 30, 2009, there was $3,315 of pre-tax total unrecognized compensation cost related to non-vested stock options and SARs, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a weighted average period of 1.8 years. There was zero aggregate intrinsic value for both the stock options and SARs outstanding and exercisable as of June 30, 2009.

The following table summarizes stock options and SARs activity for the six months ended June 30, 2009:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)
Outstanding at January 1, 2009	2,987	$ 16.78	
Granted	635	$ 8.42	
Exercised	—	$ —	
Cancelled/forfeited/expired	(144)	$ 17.15	
Outstanding at June 30, 2009	3,478	$ 15.24	6.7
Exercisable at June 30, 2009	2,440	$ 16.49	5.6

Restricted Stock Units

RSUs granted entitle the holder to receive, at the end of a vesting period, a specified number of shares of the Company’s common stock. Stock-based compensation cost of RSUs is measured by the market value of the Company’s common stock on the date of grant. The following table summarizes RSUs activity for non-vested awards for the six months ended June 30, 2009:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at January 1, 2009	724	$ 18.90
Granted	881	$ 7.02
Vested	(144)	$ 18.20
Cancelled/forfeited/expired	(101)	$ 14.10
Unvested at June 30, 2009	1,360	$ 11.64

As of June 30, 2009, there was $10,075 of pre-tax total unrecognized compensation cost related to non-vested RSUs, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a period of 2.1 years. The aggregate intrinsic value of the RSUs outstanding was $8,661 as of June 30, 2009.

Stock-Based Compensation under SFAS No. 123R

The following table shows the total stock-based compensation expense, related to all of the Company's equity awards, recognized for the three and six month periods ended June 30, 2009 and 2008, in accordance with SFAS No. 123R:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Stock-based employee compensation before tax	$ 2,155	$ 2,382	$ 4,830	$ 4,505
Related income tax benefit	(840)	(990)	(1,884)	(1,865)
Stock-based employee compensation, net of tax	$ 1,315	$ 1,392	$ 2,946	$ 2,640

There was zero and $68 cash flow from financing activities for excess tax benefits related to equity awards exercised and vested during the six month periods ended June 30, 2009 and 2008, respectively.

3. NET INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted net income per common share reflects the effects of potentially dilutive stock-based equity instruments.

Stock-based awards to purchase 3,818 and zero shares for the three and six month periods ended June 30, 2009, respectively, and 1,761 and 2,966 shares for the three and six month periods ended June 30, 2008, respectively, were not included in the calculations of diluted net income (loss) per common share because the effect of these instruments was anti-dilutive.

The following table sets forth the computation of basic and diluted net income (loss) per common share for the three and six month periods ended June 30, 2009 and 2008:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income (loss)	$ 4,374	$ 8,515	$(117,460)	$17,238
Net income (loss) per common share—basic	$ 0.13	$ 0.25	$ (3.60)	$ 0.51
Net income (loss) per common share—diluted	$ 0.13	$ 0.25	$ (3.60)	$ 0.50
Weighted average common shares outstanding—basic	32,621	33,833	32,599	33,832
Plus dilutive equity awards	297	475	—	412
Weighted average common shares outstanding—diluted	32,918	34,308	32,599	34,244

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4. GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

As of June 30, 2009 and December 31, 2008, the Company had the following intangible assets:

	June 30, 2009			December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Staffing databases	$ 2,430	$ (1,623)	$ 807	$ 2,430	$ (1,325)	$ 1,105
Customer relationships	36,400	(9,467)	26,933	36,400	(8,024)	28,376
Tradenames and trademarks	13,551	(1,798)	11,753	13,551	(1,364)	12,187
Noncompete agreements	1,430	(865)	565	1,430	(723)	707
Acquired technology	800	(337)	463	800	(257)	543
Online courses	59	(42)	17	59	(32)	27
	$ 54,670	$ (14,132)	$ 40,538	$ 54,670	$ (11,725)	$ 42,945
Intangible assets not subject to amortization:						
Goodwill			$ 79,868			$ 252,875
Tradenames and trademarks			77,200			79,900
			$ 157,068			$ 332,775

Aggregate amortization expense for the intangible assets presented in the above table was $1,202 and $1,204 for the three months ended June 30, 2009 and 2008, respectively, and $2,407 and $2,281 for the six months ended June 30, 2009 and 2008, respectively. Estimated future aggregate amortization expense of definite lived intangible assets as of June 30, 2009 is as follows:

	Amount
Six months ending December 31, 2009	$ 2,403
Year ending December 31, 2010	4,613
Year ending December 31, 2011	3,788
Year ending December 31, 2012	3,441
Year ending December 31, 2013	3,173
Thereafter	23,120
	$ 40,538

The changes in the carrying amount of goodwill by reportable segment for the six months ended June 30, 2009 are as follows:

	Nurse and Allied Healthcare Staffing	Locum Tenens Staffing	Physician Permanent Placement Services	Total
Balance January 1, 2009	$ 159,331	$ 58,022	$ 35,522	$ 252,875
Impairment charges	(140,788)	(32,219)	—	(173,007)
Balance June 30, 2009	$ 18,543	$ 25,803	$ 35,522	$ 79,868

Impairment of Goodwill and Other Intangible Assets

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, the Company evaluates goodwill annually for impairment at the reporting unit level and whenever circumstances occur indicating that goodwill might be impaired. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair value of the Company's reporting units with the reporting unit's carrying amount, including goodwill. The Company generally determines the fair value of its reporting units using a combination of the income approach (using discounted future cash flows) and the market valuation approach. The discounted future cash flows for each reporting unit were consistent with those distributed to its Board of Directors. Cash flows beyond the discrete forecasts were estimated using a terminal value calculation, which incorporated historical and forecasted financial trends for each identified reporting unit and considered long-term earnings growth rates for publicly traded peer companies. Future cash flows were discounted to present value by incorporating the present value techniques discussed in FASB Concepts Statement 7, *Using Cash Flow Information and Present Value in Accounting Measurements*. Publicly available information regarding the market capitalization of the Company was also considered in assessing the reasonableness of the cumulative fair values of its reporting units estimated using the discounted cash flow methodology. If the carrying amount of the Company's reporting units exceeds the reporting unit's fair value, the Company performs the second step of the goodwill impairment test to determine the amount of impairment. The second step of the goodwill impairment test involves comparing the implied fair value of the Company's reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill was determined in the same manner utilized to estimate the amount of goodwill recognized in a business combination. As part of the second step of the performed impairment test, the Company calculated the fair value of certain assets, including tradenames, staffing databases and customer relationships. To determine the implied value of goodwill, fair values were allocated to the assets and liabilities of the impaired reporting units. The implied fair value of goodwill was measured as the excess of the fair value of the impaired reporting units over the amounts assigned to its assets and liabilities. The impairment loss was measured by the amount the carrying value of goodwill exceeded the implied fair value of the goodwill.

Due to the continued economic downturn and the Company's lower market capitalization, the Company performed interim impairment testing during the first quarter of 2009. The Company completed the first step of its goodwill impairment testing and determined that the fair value of certain reporting units were lower than their respective carrying value. The decrease in value was due to the depressed equity market value and lower projected near term growth rates in the healthcare staffing industry that rapidly deteriorated in the first quarter, lowering the anticipated growth trend used for goodwill impairment testing. Prior to finalizing the fair value of its identified tangible and intangible assets and liabilities for purposes of determining the implied fair value of its goodwill and any resulting goodwill impairment, the Company recognized a preliminary pre-tax goodwill impairment charge of $173,007 during the first quarter of 2009.

During the second quarter of 2009, the Company finalized the valuation of its identified tangible and intangible assets and liabilities for purposes of determining the implied fair value of its goodwill and any resulting goodwill impairment with no additional impairment charges recorded.

The Company recorded a pre-tax impairment charge of $2,700 related to certain indefinite-lived intangible asset in its nurse and allied healthcare staffing segment as of March 31, 2009. This charge was also included in impairment charges on the condensed consolidated statement of operations for the six months ended June 30, 2009.

5. SEGMENT INFORMATION

The Company has three reportable segments: nurse and allied healthcare staffing, locum tenens staffing and physician permanent placement services.

The Company's management relies on internal management reporting processes that provide revenue and segment operating income for making financial decisions and allocating resources. Segment operating income includes income from operations before depreciation, amortization of intangible assets, amortization of stock

compensation expense, restructuring and impairment charges. The Company's management does not evaluate, manage or measure performance of segments using asset information; accordingly, asset information by segment is not prepared or disclosed.

The following table provides a reconciliation of revenue and segment operating income by reportable segment and was derived from the segment's internal financial information as used for corporate management purposes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue				
Nurse and allied healthcare staffing	$ 111,136	$ 215,342	$ 274,986	$ 419,327
Locum tenens staffing	79,097	83,857	153,888	160,210
Physician permanent placement services	8,907	13,492	19,861	26,747
	$ 199,140	$ 312,691	$ 448,735	$ 606,284
Segment Operating Income				
Nurse and allied healthcare staffing	$ 6,796	$ 16,692	$ 16,503	$ 32,173
Locum tenens staffing	8,985	4,247	12,806	9,902
Physician permanent placement services	2,211	3,864	5,261	7,203
	17,992	24,803	34,570	49,278
Depreciation and amortization	3,442	3,738	6,909	7,088
Stock-based compensation	2,155	2,382	4,830	4,505
Restructuring charges	2,152	—	5,070	—
Impairment charges	—	—	175,707	—
Interest expense, net	2,320	2,660	4,519	5,471
Income (loss) before income tax	$ 7,923	$ 16,023	$ (162,465)	$ 32,214

6. FAIR VALUE MEASUREMENT

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial assets and liabilities

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. As of June 30, 2009, the Company held certain assets and liabilities that are required to be measured at fair value on a recurring basis. These included the Company's investments associated

with the Company's Executive Nonqualified Excess Plan ("Excess Benefit Plan"), and interest rate swaps. The Company's investments associated with its Excess Benefit Plan typically consist of mutual funds that are publicly traded and for which market prices are readily available. The Company's interest rate swaps are valued using commonly quoted intervals from observable markets. In addition, the Company discounts the derivative liabilities to reflect the potential credit risk to lenders by using current interest rates available to the Company which were obtained directly from the Company's third-party lender.

Financial assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements as of June 30, 2009			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets: Trading securities investment	$ 20	$ 20	$ —	$ —
Financial Liabilities: Interest rate swaps	$1,960	$ —	$ 1,960	$ —

Non-financial assets and liabilities

The Company applies fair value techniques on a non-recurring basis associated with valuing potential impairment losses related to goodwill and indefinite-lived intangible assets accounted for pursuant to SFAS No. 142.

In accordance with SFAS No. 142, the Company evaluates goodwill and indefinite-lived intangible assets annually for impairment at the reporting unit level and whenever circumstances occur indicating that goodwill might be impaired. The Company determines the fair value of its reporting units based on a combination of inputs including the market capitalization of the Company as well as Level 3 inputs such as discounted cash flows which are not observable from the market, directly or indirectly. Historically, the fair values of the Company's reporting units have exceeded their carrying values. Due to the continued economic downturn and the Company's lower market capitalization, the Company performed interim impairment testing during the first quarter of 2009 and finalized the impairment charge during the second quarter of 2009. Goodwill for the Company's impaired reporting units with a carrying amount of $205,987 was written down to its implied fair value of $32,980, resulting in an impairment charge of $173,007, which is included in net loss for the six months ended June 30, 2009. In addition, indefinite-lived intangible assets with a carrying amount of $9,000 were written down to its fair value of $6,300, resulting in an impairment charge of $2,700, which is included in net loss for the six months ended June 30, 2009. The Company determined the fair value of its impaired reporting units and indefinite-lived intangible assets using a combination of the income approach (using discounted future cash flows) and the market valuation approach. See detail in the accompanying note (4)—Goodwill and Identifiable Intangible Assets.

Non-financial assets and liabilities measured at fair value on a non-recurring basis are summarized below:

	Fair Value Measurements as of June 30, 2009				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Goodwill	$32,980	$ —	$ —	$ 32,980	$173,007
Indefinite-lived Intangible assets	$ 6,300	$ —	$ —	$ 6,300	$ 2,700
					$175,707

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company adopted SFAS No. 161 in the first quarter of 2009. SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 to provide an enhanced understanding of the use of derivative instruments, how they are accounted for under SFAS No. 133 and their effect on financial position, financial performance and cash flows.

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SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at fair value. Accounting for gains or losses resulting from changes in the values of those derivatives depends upon whether they qualify for hedge accounting. The Company uses derivative instruments to manage the fluctuations in cash flows resulting from interest rate risk on variable-rate debt financing. The Company has formally documented the hedging relationships and accounts for these arrangements as cash flow hedges. The Company recognizes all derivatives on the balance sheet at fair value using commonly quoted intervals from observable market data. In addition, the Company discounts the derivative liabilities to reflect the potential credit risk to lenders by using current interest rates available to the Company which were obtained directly from the Company's third-party lender. Gains or losses resulting from changes in the values of these arrangements, which have not been significant to the Company's consolidated financial statements, are recorded in other comprehensive income, net of tax, until the hedged item is recognized in earnings. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively and recognizes subsequent changes in market value in earnings. The Company does not expect to have any material existing gains/losses to be reclassified into earnings within the next twelve months.

In March 2009, the Company entered into three new interest rate swap agreements for notional amounts of $10,000 each, whereby the Company will pay fixed rates ranging from 1.55% to 1.76% under these new agreements and receive a floating three-month LIBOR. Two of the agreements became effective in March 2009, and the remaining one will become effective in December 2009. As of June 30, 2009, the Company has eight interest rate swap agreements with a total notional amount of $105,000, of which $75,000 is in force at June 30, 2009 and the remaining $30,000 will become effective in future periods. The Company pays fixed rates ranging from 1.55% to 4.94% under these agreements and receives a floating three-month LIBOR. The agreements expire beginning September 2009 through September 2010, and no initial investments were made to enter into these agreements.

	As of June 30, 2009	
Derivatives Designed as Hedging Instruments	**Balance Sheet Location**	**Fair Value**
Interest rate swaps	Other current and long-term liabilities	$ 1,960

8. FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, income tax receivable, bank overdraft, accounts payable and accrued expenses, accrued compensation and benefits, income taxes payable and other current liabilities approximate their respective fair values due to the short-term nature and liquidity of these financial instruments. The fair value of notes payable can not be reasonably estimated as the instrument's interest rates are likely not comparable to rates currently offered for similar debt instruments of comparable maturity given the state of the current credit markets. Derivative financial instruments are recorded at fair value based on current market pricing models. The acquisition price holdback liability is recorded at its fair value, using the discounted cash flow method. The fair value of the long-term portion of the Company's self insurance accruals cannot be estimated as the Company cannot reasonably determine the timing of future payments. See detail on financial assets and liabilities in the accompanying note (6) — Fair Value Measurement.

9. INCOME TAXES

The Company recorded an income tax benefit of $45,005 for the six months ended June 30, 2009 as compared to income tax expense of $14,976 for the same period in 2008, reflecting effective income tax rates of 27.7% and 46.5% for these periods, respectively. The decrease in the effective income tax rate was primarily attributable to the goodwill impairment charges recorded during the six months ended June 30, 2009, a portion of which is permanently nondeductible for tax purposes, and an increase in the Company's uncertain tax position liabilities.

Management believes it is more likely than not that the results of operations will generate sufficient taxable income to realize the deferred tax assets, and accordingly, has not provided a valuation allowance for these assets.

10. RESTRUCTURING

During 2009, the Company made adjustments to its branding strategy and infrastructure. These actions include consolidating office locations and nursing brands, centralizing back office and corporate functions resulting in reduced overall headcount. The restructuring was driven by long-term strategic branding and operational decisions as well as responding to current and anticipated short-term market conditions. The Company expects its restructuring actions to be completed in 2009.

A reconciliation of amounts accrued as of June 30, 2009 is as follows:

	Balance December 31, 2008	Accruals	Cash Payments	Balance June 30, 2009
Employee termination benefits	$ —	$ 3,382	$ (2,224)	$ 1,158
Contract termination costs and other	—	1,688	(485)	1,203
Total	$ —	$ 5,070	$ (2,709)	$ 2,361

Among the accrued restructuring balance as of June 30, 2009, which was approximate to its fair value, $2,113 was included in other current liabilities and $248 was included in other long-term liabilities in the condensed consolidated balance sheet. The Company expects to substantially utilize the accruals by 2010.

Restructuring expense by reportable segments is as follows:

	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
Nurse and allied healthcare staffing	$ 1,848	$ 3,892
Locum tenens staffing	300	451
Physician permanent placement services	4	727
Total	$ 2,152	$ 5,070

11. AMENDED CREDIT AGREEMENT

On May 7, 2009, the Company amended its Credit Agreement. The amendment extends the maturity of the revolving credit facility to be coterminous with the scheduled maturity of its secured term loan in November 2011. Borrowings under this revolving credit facility bear interest at floating rates based upon either a LIBOR or a prime interest rate option selected by the Company, plus a combined spread of 3.50% to 4.50% and 2.50% to 3.50%, respectively, to be determined based on the Company’s then current leverage ratio. Additionally, the revolving credit facility portion of the Company’s Credit Agreement carries a combined unused fee of between 0.500% and 0.750% per annum based on its then current leverage ratio, with no mandatory payments prior to maturity of the revolving credit facility. Pursuant to the amendment, the maximum leverage ratio is increased to 3.00 to 1.00 for the quarters ended June 30, 2009 through March 31, 2010, 2.75 to 1.00 for the quarter ended June 30, 2010, 2.50 to 1.00 for the quarters ended September 30 and December 31, 2010, 2.25 to 1.00 for the quarters ended March 31 and June 30, 2011 and 2.00 to 1.00 for the quarter ended September 30, 2011 through maturity. Additionally, a minimum $45,000 Adjusted EBITDA floor, as calculated on a trailing twelve months basis excluding restructuring and non-cash charges, was added as a financial covenant. The interest rate for term loan outstanding was not changed. The Company is in compliance with these requirements at June 30, 2009. As a result of the amendment, the Company incurred an amendment fee of approximately $1,800. These costs were deferred and are amortized over the remaining term of the credit facility. The Company had zero and $31,500 outstanding under the revolving credit facility at June 30, 2009 and December 31, 2008, respectively.

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Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto and other financial information included elsewhere herein and in our Annual Report on Form 10-K for the year ended December 31, 2008. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are "forward-looking statements." See "Special Note Regarding Forward-Looking Statements." We undertake no obligation to update the forward-looking statements in this filing. References in this filing to "AMN Healthcare," the "Company," "we," "us" and "our" refer to AMN Healthcare Services, Inc. and its wholly owned subsidiaries.

Overview

We are the largest healthcare staffing company in the United States. As a leading nationwide provider of travel nurse and allied staffing services, locum tenens (temporary physician staffing) and physician permanent placement services, we recruit physicians, nurses, and allied healthcare professionals, our "healthcare professionals", nationally and internationally and place them on assignments of variable lengths and in permanent positions with acute-care hospitals, physician practice groups and other healthcare settings, including rehabilitation centers, dialysis clinics, pharmacies, home health service providers and ambulatory surgery centers throughout the United States. We also offer a managed services program in which we manage the multiple clinical vendors for clients, as well as recruitment process outsourcing services, where we administer our clients' recruitment for permanent clinical positions.

We conduct business through three reportable segments: nurse and allied healthcare staffing, locum tenens staffing and physician permanent placement services.

For the three months ended June 30, 2009, we recorded revenue of $199.1 million, as compared to revenue of $312.7 million for the three months ended June 30, 2008. We recorded net income of $4.4 million for the three months ended June 30, 2009, as compared to net income of $8.5 million for the three months ended June 30, 2008. For the six months ended June 30, 2009, we recorded revenue of $448.7 million, as compared to revenue of $606.3 million for the six months ended June 30, 2008. We recorded net loss of $(117.5) million, which includes goodwill impairment and restructuring charges of $126.1 million, net of tax, for the six months ended June 30, 2009, as compared to net income of $17.2 million for the six months ended June 30, 2008.

Nurse and allied healthcare staffing segment revenues comprised 61% and 69% of total consolidated revenues for the six months ended June 30, 2009 and 2008, respectively. Through our nurse and allied healthcare staffing segment, the Company provides hospital and healthcare facilities with staffing solutions to address anticipated or longer-term staffing requirements. In addition to our core focus on the 13 week travel segment serving hospital and healthcare facilities, we also offer a broader range of short and long-term assignment lengths, serve a broader range of client facility settings including home healthcare, and offer managed staffing services. In 2008, we launched our recruitment process outsourcing program leveraging our expertise and support systems to offer our clients a means to replace or complement their existing internal recruitment function for permanent staffing needs.

Locum tenens staffing segment revenues comprised 34% and 27% of total consolidated revenues for the six months ended June 30, 2009 and 2008, respectively. Through our locum tenens staffing segment, the Company places physicians of all specialties, as well as dentists, certified registered nurse anesthetists and nurse practitioners with clients on a temporary basis as independent contractors. Locum tenens physicians are used by our hospital, other healthcare facility and physician practice group clients to fill temporary vacancies due to vacation and leave schedules and to bridge the gap while these clients seek permanent candidates. Our clients include a wide variety of healthcare organizations throughout the United States, including hospitals, medical groups, occupational medical clinics, individual practitioners, networks, psychiatric facilities, government institutions, and managed care entities. The professionals we place are recruited nationwide and are typically placed on multi-week contracts with assignment lengths ranging from a few days up to one year.

Physician permanent placement services segment revenues comprised 5% and 4% of total consolidated revenues for the six months ended June 30, 2009 and 2008, respectively. Through our physician permanent placement services segment, the Company assists hospitals, healthcare facilities and physician practice groups throughout the United States in identifying and recruiting physicians for permanent placement with the clients. Although the physician permanent placement business has recently experienced considerably lower demand for services as clients respond to weak economic conditions and budget pressure by pursuing only critical searches and reducing their overall recruiting efforts, the physician permanent placement market is expected to have solid long-term growth potential due to the limited supply of candidates and the strong client demand for physicians who have the ability to generate revenue for the hospitals. In addition, we see even greater opportunity in leveraging the relationships created by the premier physician permanent placement organization to establish deeper relationships with our customers. Using a distinctive consultative approach, we are paid for our services through a blend of retained search fees and variable fees tied to our performance. Our broad specialty offerings include over 70 specialist and sub-specialist opportunities such as internal medicine, family practice and orthopedic surgery.

Management Initiatives

Like many companies in various industries, throughout 2009 we have taken a number of proactive steps to achieve operational synergies and to reduce our operating cost structure to reflect the decline in volume and revenue experienced this year, particularly in the travel nursing and physician permanent placement businesses. These actions include consolidating offices and reorganizing back office and corporate functions to gain efficiency in operations by centralizing our primary operations in San Diego, California and Irving, Texas. In addition during 2008 and the first half of 2009, we conducted a strategic review of our nursing brand strategy and decided to reduce the number of travel brand identities on which we focus our travel nurse marketing. We anticipate recognizing total pre-tax restructuring charges in 2009 of approximately $12.0 million to $13.0 million.

We have also moved to aggressively reduce our long-term debt by over $50.0 million since December 31, 2008, which should reduce interest expense in future periods. At the same time, with solid cash flow from operations, due in part to reduced number of days sales outstanding (“DSO”), we have improved our working capital and leverage ratios.

Recent Trends

Within our nurse and allied healthcare staffing segment, our travel nursing business continues to experience significantly lower demand and revenue that began in late 2008 with the deterioration in the general economy. The reduction in nursing demand has been felt across the industry based on the most recent reports from our public competitors. For our clients, the economic conditions have severely constricted budgets and access to operating capital, lowered permanent staff attrition rates, reduced current and anticipated insurance and Medicare reimbursement levels, and increased uncertainty regarding future patient admission levels and the collectability of receivables. These factors have, in turn, reduced demand for our services as hospitals have placed an increased reliance on permanent labor to meet staffing needs both generally and on an incremental basis by reducing hours, shifts and/or assignments available for temporary nurses. Demand for our services has stabilized and improved over the last few months, but it is at levels below what we have experienced during the past ten years. More recent demand has favored nurses who can offer a more specialized skill-set and fulfill a shorter assignment length and these requests are filled quickly.

Within the allied staffing business, continued strength in demand for several supply-constrained therapy disciplines was tempered by a further demand decline for imaging technicians due in large part to lower government reimbursement levels and a strong supply of available technicians.

Although down from last year, locum tenens demand remains solid overall, with moderate growth across all specialties.

During late 2008 and early 2009, the physician permanent placement business has experienced considerably lower demand for services as clients respond to weak economic conditions and budget pressure by pursuing only critical searches and reducing their overall recruiting efforts. In addition, many clients are attempting to conduct their searches internally or through alternative methods. However, as in the nursing division, we have more recently seen the demand for physician permanent placements and the volume of new searches stabilize and expect that as clarity around healthcare reform occurs, we will see demand in permanent placement once again increase.

Critical Accounting Principles and Estimates

Goodwill and Indefinite-lived Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, we perform annual impairment analyses to assess the recoverability of the goodwill and indefinite-lived intangible assets. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. Valuation techniques consistent with the market approach and income approach are used to measure the fair value of each reporting unit. Significant judgments are required to estimate the fair value of reporting units including estimating future cash flows, and determining appropriate discount rates, growth rates, company control premium and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit. Testing is required between annual tests if events occur or circumstances change that would, more likely than not, reduce the fair value of the reporting unit below its carrying value.

Due to the continued economic downturn and our lower market capitalization, we performed interim impairment testing at our reporting unit level during the first quarter of 2009. Our reporting units are our operating segments. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair value of our reporting units with the reporting unit's carrying amount, including goodwill. We generally determine the fair value of our reporting units using a combination of the income approach (using discounted future cash flows) and the market valuation approach. The discounted future cash flows for each reporting unit were consistent with those distributed to our Board of Directors. Cash flows beyond the discrete forecasts were estimated using a terminal value calculation, which incorporated historical and forecasted financial trends for each identified reporting unit and considered long-term earnings growth rates for publicly traded peer companies. Future cash flows were discounted to present value by incorporating the present value techniques discussed in FASB Concepts Statement 7, *Using Cash Flow Information and Present Value in Accounting Measurements*. Publicly available information regarding the market capitalization of the Company was also considered in assessing the reasonableness of the cumulative fair values of our reporting units estimated using the discounted cash flow methodology. If the carrying amount of the reporting unit exceeds the reporting unit's fair value, we perform the second step of the goodwill impairment test to determine the amount of impairment. During the first step, a control premium and average stock price close to the testing dates were utilized. This control premium is based on detailed analysis that considers appropriate industry, market, economic and other pertinent factors, including indications of such premium from data on recent acquisition transactions. The second step of the goodwill impairment test involves comparing the implied fair value of our reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill was determined in the same manner utilized to estimate the amount of goodwill recognized in a business combination. As part of the second step of the performed impairment test, we calculated the fair value of certain assets, including tradenames, staffing databases and customer relationships. To determine the implied value of goodwill, fair values were allocated to the assets and liabilities of the impaired reporting units. The implied fair value of goodwill was measured as the excess of the fair value of the impaired reporting units over the amounts assigned to its assets and liabilities. The impairment loss was measured by the amount the carrying value of goodwill exceeded the implied fair value of the goodwill.

During the first quarter of 2009, we completed the first step and a preliminary second step of our goodwill impairment testing and have determined that the fair values of certain reporting units were lower than their

respective carrying values. The decrease in value was due to the depressed equity market value and lower projected near term growth rates in the healthcare staffing industry that rapidly deteriorated in the first quarter, lowering the anticipated growth trend used for goodwill impairment testing. We recognized a preliminary pre-tax goodwill impairment charge of approximately $173.0 million during the first quarter of 2009.

During the second quarter of 2009, we finalized the valuation of our identified tangible and intangible assets and liabilities for purposes of determining the implied fair value of its goodwill and any resulting goodwill impairment with no additional impairment charges recorded.

We also recorded a pre-tax impairment charge of $2.7 million related to certain indefinite-lived intangibles in our nurse and allied healthcare staffing segment as of March 31, 2009. This charge was also included in impairment charges on the condensed consolidated statement of operations for the six months ended June 30, 2009.

Our other critical accounting principles and estimates remain consistent with those reported in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission.

Results of Operations

The following table sets forth, for the periods indicated, selected condensed consolidated statements of operations data as a percentage of our revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Consolidated Statements of Operations:				
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	73.0	73.6	73.8	73.6
Gross profit	27.0	26.4	26.2	26.4
Selling, general and administrative	19.0	19.2	19.6	19.0
Restructuring charges	1.1	—	1.1	—
Impairment charges	—	—	39.2	—
Depreciation and amortization	1.7	1.2	1.5	1.2
Income (loss) from operations	5.2	6.0	(35.2)	6.2
Interest expense, net	1.2	0.9	1.0	0.9
Income (loss) before income taxes	4.0	5.1	(36.2)	5.3
Income tax expense (benefit)	1.8	2.4	(10.0)	2.5
Net income (loss)	2.2%	2.7%	(26.2)%	2.8%

Comparison of Results for the Three Months Ended June 30, 2009 to the Three Months Ended June 30, 2008

Revenue. Revenue decreased 36%, to $199.1 million for the three months ended June 30, 2009 from $312.7 million for the same period in 2008, primarily due to a decrease in the average number of temporary healthcare professionals on assignment in the nurse and allied healthcare staffing segment.

Nurse and allied healthcare staffing segment revenue decreased 48%, to $111.1 million for the three months ended June 30, 2009 from $215.3 million for the same period in 2008. Of the $104.2 million decrease, $106.0 million was attributable to a decrease in the average number of temporary healthcare professionals on assignment, which were partially offset by a $1.5 million increase due to an increase in the average bill rates

charged to hospital and healthcare facility clients, and a $0.3 million increase due to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts.

Locum tenens staffing segment revenue decreased 6%, to $79.1 million for the three months ended June 30, 2009 from $83.9 million for the same period in 2008. Of the $4.8 million decrease, $4.6 million was attributable to a decrease in the number of days filled by healthcare professionals during the three months ended June 30, 2009 and $0.2 million was attributable to a mix shift to our lower bill rate specialties.

Physician permanent placement services segment revenue decreased 34%, to $8.9 million for the three months ended June 30, 2009 from $13.5 million for the same period in 2008. The decrease was primarily attributable to a decrease in the number of active searches and placements during the three months ended June 30, 2009.

Cost of Revenue. Cost of revenue decreased 37%, to $145.5 million for the three months ended June 30, 2009 from $230.2 million for the same period in 2008. The decrease was primarily due to a decrease in the average number of temporary healthcare professionals on assignment.

Nurse and allied healthcare staffing segment cost of revenue decreased 49%, to $83.4 million for the three months ended June 30, 2009 from $162.5 million for the same period in 2008. Of the $79.1 million decrease, $80.0 million decrease was attributable to the decrease in the average number of temporary healthcare professionals on assignment, which was partially offset by a $0.6 million net increase in direct costs per healthcare professional, primarily related to higher health insurance claims, and a $0.3 million increase attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts.

Locum tenens staffing segment cost of revenue decreased 6%, to $58.4 million for the three months ended June 30, 2009 from $62.2 million for the same period in 2008. The decrease was primarily attributable to a decrease in the number of days filled by healthcare professionals and a mix shift to our lower pay rate specialists.

Physician permanent placement services segment cost of revenue decreased 33%, to $3.7 million for the three months ended June 30, 2009 from $5.5 million for the same period in 2008 primarily due to reduced direct marketing cost and lower recruiter headcount.

Gross Profit. Gross profit decreased 35%, to $53.7 million for the three months ended June 30, 2009 from $82.5 million for the same period in 2008, representing gross margins of 27.0% and 26.4%, respectively. The increase in gross margin mainly reflected tight management of direct costs in domestic travel nursing and a shift in the mix of higher margin business in the locum tenens staffing segment. Gross margin by reportable segment for the three months ended June 30, 2009 and 2008 was 25.0% and 24.5% for nurse and allied healthcare staffing, 26.1% and 25.8% for locum tenens staffing and 58.8% and 59.7% for physician permanent placement services, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased 37%, to $37.8 million for the three months ended June 30, 2009 from $60.1 million for the same period in 2008. The decrease was primarily due to lower employee and office related expenses as a result of cost-reduction actions taken throughout the first half of 2009, as well as a $3.5 million actuarial based reduction in the professional liability reserve recorded in the second quarter. Selling, general and administrative expenses by reportable segment for the three months ended June 30, 2009 and 2008, respectively, were $22.8 million and $38.2 million for nurse and allied healthcare staffing, $11.8 million and $17.5 million for locum tenens staffing and $3.2 million and $4.4 million for physician permanent placement services.

Restructuring Charges. During 2009, the Company began implementing strategic branding and consolidation initiatives resulting in one time termination benefits and lease liabilities. Restructuring charges of

$2.2 million were recorded for the three months ended June 30, 2009, of which $1.8 million was for nurse and allied healthcare staffing, $0.3 million was for locum tenens staffing and $0.1 million was for physician permanent placement services segment.

Depreciation and Amortization Expenses. Amortization expense was $1.2 million for both the three months ended June 30, 2009 and 2008. Depreciation expense decreased to $2.2 million for the three months ended June 30, 2009 from $2.5 million for the same period in 2008, with the decrease primarily attributable to certain fixed assets have been fully depreciated during the three months ended June 30, 2009.

Interest Expense, Net. Interest expense, net, was $2.3 million for the three months ended June 30, 2009 as compared to $2.7 million for the same period in 2008. The decrease was primarily attributable to a $63.7 million reduction in debt outstanding from June 30, 2008 to June 30, 2009.

Income Tax Expense. Income tax expense decreased to $3.5 million for the three months ended June 30, 2009 from $7.5 million for the same period in 2008, reflecting effective income tax rates of 44.8% and 46.9% for these periods, respectively. The decrease in the effective income tax rate was primarily attributable to a decrease in tax reserves related to uncertain tax position.

Comparison of Results for the Six Months Ended June 30, 2009 to the Six Months Ended June 30, 2008

Revenue. Revenue decreased 26%, to $448.7 million for the six months ended June 30, 2009 from $606.3 million for the same period in 2008, primarily due to a decrease in the average number of temporary healthcare professionals on assignment in the nurse and allied healthcare staffing segment.

Nurse and allied healthcare staffing segment revenue decreased 34%, to $275.0 million for the six months ended June 30, 2009 from $419.3 million for the same period in 2008. Of the $144.3 million decrease, $147.1 million was attributable to a decrease in the average number of temporary healthcare professionals on assignment, and $1.5 million was attributable to one less billing day during the period. These decreases were partially offset by a $3.7 million increase due to an increase in the average bill rates charged to hospital and healthcare facility clients, and a $0.6 million increase due to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts.

Locum tenens staffing segment revenue decreased 4%, to $153.9 million for the six months ended June 30, 2009 from $160.2 million for the same period in 2008. Of the $6.3 million decrease, $5.0 million was attributable to a decrease in the number of days filled by healthcare professionals during the six months ended June 30, 2009, and $1.3 million was attributable to a mix shift to our lower bill rate specialties.

Physician permanent placement services segment revenue decreased 26%, to $19.9 million for the six months ended June 30, 2009 from $26.8 million for the same period in 2008. The decrease was primarily attributable to a decrease in the number of active searches and placements during the six months ended June 30, 2009

Cost of Revenue. Cost of revenue decreased 26%, to $331.1 million for the six months ended June 30, 2009 from $446.3 million for the same period in 2007. The decrease was primarily due to a decrease in the average number of temporary healthcare professionals on assignment.

Nurse and allied healthcare staffing segment cost of revenue decreased 34%, to $209.6 million for the six months ended June 30, 2009 from $317.6 million for the same period in 2008. Of the $108.0 million decrease, $111.4 million was attributable to a decrease in the average number of temporary healthcare professionals on assignment and $1.1 million was attributable to one less billing day during the period. These decreases were partially offset by a $4.0 million net increase in direct costs per healthcare professional, primarily related to

higher health insurance claims, and a $0.5 million increase due to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts.

Locum tenens staffing segment cost of revenue decreased 4%, to $113.6 million for the six months ended June 30, 2009 from $118.2 million for the same period in 2008. The decrease was primarily attributable to a decrease in the number of days filled by healthcare professionals and a mix shift to our lower pay rate specialties.

Physician permanent placement services segment cost of revenue decreased 25%, to $7.9 million for the three months ended June 30, 2009 from $10.5 million for the same period in 2008 primarily due to reduced direct marketing cost and lower recruiters headcount.

Gross Profit. Gross profit decreased 26%, to $117.7 million for the six months ended June 30, 2009 from $160.0 million for the same period in 2008, representing gross margins of 26.2% and 26.4%, respectively. The decrease in gross margin mainly reflected a lower revenue mix from the relatively high margin business line of international nursing and the more narrow margins in the travel nursing business. Gross margin by reportable segment for the six months ended June 30, 2009 and 2008 was 23.8% and 24.3% for nurse and allied healthcare staffing, 26.2% and 26.3% for locum tenens staffing and 60.3% and 60.6% for physician permanent placement services, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased 24%, to $87.9 million for the six months ended June 30, 2009 from $115.2 million for the same period in 2008. The decrease was primarily due to lower employee and office related expenses as a result of cost-reduction actions taken throughout the first half of 2009, as well as a $3.5 million actuarial based reduction in the professional liability reserve recorded in the second quarter. Selling, general and administrative expenses by reportable segment for the six months ended June 30, 2009 and 2008, respectively, were $53.1 million and $73.5 million for nurse and allied healthcare staffing, $27.7 million and $32.3 million for locum tenens staffing and $7.1 million and $9.4 million for physician permanent placement services.

Restructuring Charges. During 2009, the Company began implementing strategic branding and consolidation initiatives resulting in one time termination benefits and lease liabilities. Restructuring charges of $5.1 million were recorded for the six months ended June 30, 2009, of which $3.9 million was for nurse and allied healthcare staffing, $0.5 million for locum tenens staffing and $0.7 million for physician permanent placement services.

Impairment Charges. Due to the continued economic downturn and our lower market capitalization, we performed interim impairment testing during the first quarter of 2009. We determined that the fair values of certain reporting units were lower than their respective carrying values. The decrease in value was due to the depressed equity market values and lower projected near term growth rates in the healthcare staffing industry that rapidly deteriorated in the first quarter, lowering the anticipated growth trend used for goodwill impairment testing. Estimated impairment charges related to goodwill and indefinite-lived intangibles were $175.7 million for the three months ended March 31, 2009, as compared to $0 for the same period in 2008. Estimated impairment charges by reportable segment recorded during the first quarter of 2009 were $143.5 million for nurse and allied healthcare staffing and $32.2 million for locum tenens staffing, respectively. During the second quarter of 2009, we finalized the fair value of our identified tangible and intangible assets and liabilities for purposes of determining the implied fair value of our goodwill and any resulting goodwill impairment with no additional impairment charges recorded.

Depreciation and Amortization Expenses. Amortization expense increased slightly to $2.4 million for the six months ended June 30, 2009 from $2.3 million for the same period in 2008. Depreciation expense decreased to $4.5 million for the six months ended June 30, 2008 from $4.8 million for the same period in 2007, with the decrease primary attributable to certain fixed assets have been fully depreciated during the six months ended June 30, 2009.

Interest Expense, Net. Interest expense, net, was $4.5 million for the six months ended June 30, 2009 as compared to $5.5 million for the same period in 2008. The decrease was primarily attributable to a $63.7 million reduction in debt outstanding from June 30, 2008 to June 30, 2009.

Income Tax Expense. We recorded an income tax benefit of $(45.0) million for the six months ended June 30, 2009 as compared to income tax expense of $15.0 million for the same period in 2008, reflecting effective income tax rates of 27.7% and 46.5% for these periods, respectively. The decrease in the effective income tax rate was primarily attributable to the goodwill impairment charges recorded during the six months ended June 30, 2009, a portion of which is permanently nondeductible for tax purposes, and an increase in our uncertain tax position liabilities as of June 30, 2009.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements and debt service under our credit facility. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facility. At June 30, 2009, $90.0 million was outstanding under our credit facility with $54.4 million of remaining available credit under the secured revolver portion of this facility.

We believe that cash generated from operations and available borrowings under our revolving credit facility will be sufficient to fund our operations for the next 12 months. We intend to finance future acquisitions either with cash provided from operations, borrowing under our revolving credit facility, bank loans, debt or equity offerings, or some combination of the foregoing, but the significant disruptions in the global financial markets may prevent us from obtaining debt or equity financing on acceptable terms, if at all. The following discussion provides further details of our liquidity and capital resources.

Operating Activities:

Net cash provided by operations during the six months ended June 30, 2009 was $73.9 million, compared to $28.8 million for the six months ended June 30, 2008. The increase in net cash provided by operations was primarily driven by decrease in accounts receivable as a result of lower sales and strong collection efforts, which was partially offset by a decrease in accrued compensation and benefits during the six months ended June 30, 2009. DSO decreased 5 days from 57 days at December 31, 2008 to 52 days at June 30, 2009. The decrease was a result of reduced accounts receivable at June 30, 2009 due to increased collection efforts and in part to lower sales during the quarter. DSO was 58 days at June 30, 2008.

Investing Activities:

We used $2.4 million in cash during the six months ended June 30, 2009 for investing activities, mainly for capital expenditures. During the six months ended June 30, 2008, $44.5 million was used for investing activities, of which $30.8 million was used for the acquisition of Platinum Select and $8.5 million was a portion of the cash holdback paid to the selling shareholders in our acquisition of The MHA Group, Inc., with the balance used for capital expenditures. We continue to have a relatively low capital investment requirement and we expect our future capital expenditure requirements to be similar to those during the six months ended June 30, 2009.

Financing Activities:

Net cash used in financing activities during the six months ended June 30, 2009 was $59.4 million, primarily due to paying down our outstanding revolver and notes payable during the period. During the six months ended June 30, 2008, cash provided by financing activities was $5.6 million, mainly due to increased borrowing on our revolving credit facility. At June 30, 2009 and December 31, 2008, we had zero and $31.5 million, respectively, outstanding under the revolving credit facility.

The borrowing capacity under our revolving credit facility is restricted by outstanding standby letters of credit. As of June 30, 2009, we maintained outstanding standby letters of credit totaling $20.6 million as collateral in relation to various requirements including our professional liability insurance and workers compensation insurance agreements and our corporate office lease agreement.

We are required to maintain a maximum leverage ratio, based on EBITDA, which excludes non-cash charges such as impairment charges, and funded indebtedness as defined in the Credit Agreement, as of the end of each fiscal quarter. We are also required to maintain a minimum fixed charge coverage ratio, based on EBITDA and debt and cash interest payments as defined in the Credit Agreement, as of the end of each fiscal quarter of not less than 1.25x for the fiscal quarter ending June 30, 2009 and thereafter. We are also subject to limitations on the amount of our annual capital expenditures and on the amount of consolidated total assets and consolidated EBITDA that may be owned or attributable to our foreign subsidiaries. On May 7, 2009, we amended our Credit Agreement. The amendment extends the maturity of the revolving credit facility to be coterminous with the scheduled maturity of its secured term loan in November 2011. Borrowings under this revolving credit facility bear interest at floating rates as defined in the Credit Agreement and based upon either a LIBOR or a prime interest rate option selected by us, plus a combined spread of 3.50% to 4.50% and 2.50% to 3.50%, respectively, to be determined based on our then current leverage ratio. Additionally, the revolving credit facility portion of our Credit Agreement carries a combined unused fee of between 0.500% and 0.750% per annum based on our then current leverage ratio, with no mandatory payments prior to maturity of the revolving credit facility. We do not expect the additional interest rate mentioned above will have a material impact on our liquidity over the next twelve months. Pursuant to the amendment, the maximum leverage ratio is increased to 3.00 to 1.00 for the quarters ended June 30, 2009 through March 31, 2010, 2.75 to 1.00 for the quarter ended June 30, 2010, 2.50 to 1.00 for the quarters ended September 30 and December 31, 2010, 2.25 to 1.00 for the quarters ended March 31 and June 30, 2011 and 2.00 to 1.00 for the quarter ended September 30, 2011 through maturity. Additionally, a minimum $45.0 million Adjusted EBITDA floor, as calculated on a trailing twelve months basis excluding restructuring and non-cash charges, was added as a financial covenant. The interest rate for the term loan portion of our credit facility was not changed. We were in compliance with these requirements at June 30, 2009. As a result of the amendment, we incurred an amendment fee of approximately $1.8 million. These costs were deferred and are amortized over the remaining term of the credit facility.

In March 2009, we entered into three new interest rate swap agreements for notional amounts of $10.0 million each, whereby we will pay fixed rates ranging from 1.55% to 1.76% under these new agreements and receive a floating three-month LIBOR. Two of the agreements became effective in March 2009, and the remaining one will become effective in December 2009. As of June 30, 2009, we have eight interest rate swap agreements with a notional amount totaling $105.0 million, of which $75.0 million is in force at June 30, 2009 and the remaining $30.0 million will become effective in future periods. We pay fixed rates ranging from 1.55% to 4.94% under these agreements and receive a floating three-month LIBOR. The agreements expire beginning September 2009 through September 2010, and no initial investments were made to enter into these agreements.

At June 30, 2009 and December 31, 2008, the interest rate swap agreements had a fair value of $(2.0) million and $(2.5) million, respectively, which is included in other liabilities (both current and long-term) in the accompanying condensed consolidated balance sheets. Our interest rate swaps are valued using commonly quoted intervals from observable markets. In addition, we discount our derivative liabilities to reflect the potential credit risk to lenders. We have formally documented the hedging relationships and account for these arrangements as cash flow hedges. At maturity, the swap agreements will have a fair value of zero and will require no cash outlay. However, if we elect to settle a swap prior to maturity, we would be required to outlay cash at the then stated fair value of the swap. If we settled all of our swaps at June 30, 2009, the net cash impact would be $2.0 million.

Potential Fluctuations in Quarterly Results and Seasonality

Due to the regional and seasonal fluctuations in the hospital patient census, the healthcare staffing needs of our hospital and healthcare facility clients and the seasonal preferences for destinations of our temporary

healthcare professionals, our volumes in nurse and allied and locums segments have historically been subject to moderate seasonal fluctuations. The impact of this seasonality on our consolidated revenue and earnings may vary due to a variety of factors, including volume and demand levels, and the results of any one quarter are not necessarily indicative of the results to be expected for any other quarter or for any year.

Recent Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—A Replacement of FASB Statement No. 162* ("SFAS No. 168"). SFAS No. 168 establishes the FASB Accounting Standards Codification™ ("Codification") as the single source of authoritative U.S. generally accepted accounting principles ("U.S. GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. SFAS No. 168 and the Codification are effective for financial statements issued for interim and annual periods ending after September 15, 2009. When effective, the Codification will supersede all existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. Following SFAS No. 168, the FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, the FASB will issue Accounting Standards Updates, which will serve only to: (a) update the Codification; (b) provide background information about the guidance; and (c) provide the bases for conclusions on the change(s) in the Codification. The adoption of SFAS 168 will not have an impact on our consolidated financial statements upon adoption other than current references to GAAP will be replaced with reference to the applicable codification paragraphs.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We based these forward-looking statements on our current expectations and projections about future events. Our actual results could differ materially from those discussed in, or implied by, these forward-looking statements. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. The following factors could cause our actual results to differ materially from those implied by the forward-looking statements in this Quarterly Report:

- our ability to sustain our business in a significant economic downturn;
- our ability to continue to recruit qualified temporary and permanent healthcare professionals at reasonable costs;
- our ability to retain qualified temporary healthcare professionals for multiple assignments at reasonable costs;
- our ability to attract and retain sales and operational personnel;
- our ability to enter into contracts with hospitals, healthcare facility clients, affiliated healthcare networks and physician practice groups on terms attractive to us and to secure orders related to those contracts;
- our ability to demonstrate the value of our services to our healthcare and facility clients, which may be impacted by the role of intermediaries such as vendor management companies;
- the general level of patient occupancy and utilization of services at our hospital and healthcare facility clients' facilities, including the potential impact on such utilization caused by adoption of alternative modes of healthcare delivery, which utilization may influence demand for our services;

- the overall level of demand for services offered by temporary and permanent healthcare staffing providers;
- the ability of our hospital, healthcare facility and physician practice group clients to retain and increase the productivity of their permanent staff;
- the variation in pricing of the healthcare facility contracts under which we place temporary healthcare professionals;
- our ability to successfully design our strategic growth, acquisition and integration strategies and to implement those strategies, which includes our ability to obtain credit at reasonable terms to complete acquisitions, integrate acquired companies' accounting, management information, human resource and other administrative systems, and implement or remediate controls, procedures and policies at acquired companies;
- our ability to leverage our cost structure;
- access to and undisrupted performance of our management information and communication systems, including use of the Internet, and our candidate and client databases and payroll and billing software systems;
- our ability to keep our web sites operational at a reasonable cost and without service interruptions;
- the effect of existing or future government legislation and regulation;
- our ability to grow and operate our business in compliance with legislation and regulations, including regulations that may affect our clients and, in turn, affect demand for our services, such as Medicare reimbursement rates which may negatively affect both orders and client receivables;
- the challenge to the classification of certain of our healthcare professionals as independent contractors;
- the impact of medical malpractice and other claims asserted against us;
- the disruption or adverse impact to our business as a result of a terrorist attack or breach of security of our data systems;
- our ability to carry out our business strategy and maintain sufficient cash flow and capital structure to support our business;
- our ability to meet our financial covenants, which if not met, could adversely affect our liquidity, including our borrowing ability and capacity;
- the loss of key officers and management personnel that could adversely affect our ability to remain competitive;
- the effect of recognition by us of an impairment to goodwill;
- our ability to maintain and enhance the brand identities we have developed, at reasonable costs; and
- the effect of adjustments by us to accruals for self-insured retentions.

Other factors that could cause actual results to differ from those implied by the forward-looking statements in this Quarterly Report on Form 10-Q are set forth in our Annual Report on Form 10-K for the year ended December 31, 2008.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We do not believe that we have any material market risk exposure with respect to derivative or other financial instruments.

During 2009 and 2008, our primary exposure to market risk was interest rate risk associated with our debt instruments. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Activities" for further description of our debt instruments. Excluding the effect of our interest rate swap arrangements, a 1% change in interest rates on our variable rate debt would have resulted in interest expense fluctuating approximately $0.6 million and $0.8 million during the six months ended June 30, 2009 and 2008, respectively. Considering the effect of our interest rate swap arrangements, a 1% change in interest rates on our variable rate debt would have resulted in interest expense fluctuating approximately $0.3 million and $0.5 million during the six months ended June 30, 2009 and 2008, respectively.

Our international operations create exposure to foreign currency exchange rate risks. We believe that our foreign currency risk is immaterial.

Item 4. ***Controls and Procedures***

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of June 30, 2009 were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC's rules and forms.

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 4. ***Submission of Matters to a Vote of Security Holders***

We held our Annual Meeting of Stockholders on April 9, 2009. The matters submitted to a vote of our stockholders were the (i) election of seven directors to our Board of Directors, (ii) approval of the AMN Healthcare Equity Plan as amended and restated, and (iii) ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009.

Our stockholders elected the following seven directors to our Board of Directors, to hold office until the next Annual Meeting of Stockholders or until their successors are duly elected and qualified. The results of the voting were as follows:

Name	Votes For	Votes Withheld	Abstained
Susan R. Nowakowski	30,924,447	652,110	14,077
R. Jeffrey Harris	29,367,357	2,207,169	16,108
Michael M.E. Johns	31,129,411	445,117	16,108
Hala G. Moddelmog	29,601,414	1,974,160	15,060
Andrew M. Stern	30,732,912	842,662	15,060
Paul E. Weaver	31,142,567	431,960	16,108
Douglas D. Wheat	30,979,251	595,375	16,008

Our stockholders approved the AMN Equity Plan, as amended and restated. The results of the voting were as follows:

Votes For	Votes Against	Abstained
20,048,875	9,469,625	9,484

Our stockholders also ratified the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009. The results of the voting were as follows:

Votes For	Votes Against	Abstained
31,104,432	470,891	15,313

Item 5. ***Other Information***

New Chief Financial Officer and Related Agreements

We previously announced that Bary Bailey will assume the Chief Financial Officer ("CFO") responsibilities, which include the Company's finance and investor relations functions, on August 10, 2009. Mr. Bailey brings nearly 30 years of experience in finance, financial consulting and operations in the healthcare, insurance and pharmaceutical industries. Mr. Bailey's most recent position was that as CFO and Executive Vice President ("EVP") at Valeant Pharmaceuticals International, a specialty pharmaceutical company. Mr. Bailey joined Valeant in 2002 and was instrumental in restructuring the company to focus on its core pharmaceutical operations and to establish a platform for growth through internal development of existing and new products and via acquisitions. Prior to joining Valeant, Mr. Bailey was EVP of Strategy and Technology for PacifiCare Health Systems, Inc., a firm that provides managed care and other health insurance products to employer groups, individuals and Medicare beneficiaries in the United States and Guam. Bary Bailey will succeed David Dreyer as our Company's CFO.

Severance Agreement

The Company is a party to an Executive Severance Agreement ("Severance Agreement") with Mr. Bailey, dated August 10, 2009. The Severance Agreement provides that Mr. Bailey will receive severance benefits if the Company terminates his employment without cause, or relocates his position to a locale beyond a 50 mile radius of the Company's current corporate headquarters in San Diego, California (in either case, an involuntary

termination). In the event of an involuntary termination, benefits include cash payment equal to Mr. Bailey's annual salary, payment of a prorated portion of the average of the performance bonus payments received in the most recent three fiscal years (or such fewer number of fiscal years during which Mr. Bailey was employed) and reimbursement for the COBRA health coverage for Mr. Bailey's health insurance for that twelve-month period (or until he becomes eligible for comparable coverage under another employer's health plan, if earlier). In the event of an involuntary termination within one year of a change in control, Mr. Bailey shall be entitled to receive a lump sum equal to two times the sum of his annual salary, plus the average of the bonus payments he received for the three most recent fiscal years (or such fewer number of fiscal years during which he was employed).

The Severance Agreement contains a requirement that Mr. Bailey execute a general release in favor of the Company as a condition to receiving the severance payments.

Indemnification Agreement

We have an indemnification agreement ("Agreement") with Mr. Bailey, effective August 10, 2009, as we do with all Executive Officers and Directors. The Agreement provides indemnification to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law in third party proceedings, and in proceedings by or in the right of the Company to procure a judgment in its favor, for all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Mr. Bailey if the he acted in good faith and in a manner reasonably believed to be in the best interests or not opposed to the best interests of the Company. The Agreements also provides for indemnification with respect to certain expenses. There is a two year period of limitations for causes of action asserted by or on behalf of the Company against Mr. Bailey, unless a shorter period of limitations is otherwise applicable.

The foregoing descriptions of agreements are summaries only. The foregoing descriptions are qualified in their entirety by reference to the actual agreements.

Item 6. *Exhibits*

Exhibit No.	Description of Document
4.1	Fourth Amendment to the Second Amended And Restated Credit Agreement, dated as of May 7, 2009, by and among AMN Healthcare, Inc., as borrower, AMN Healthcare Services, Inc., AMN Services, Inc., O'Grady-Peyton International (USA), Inc., International Healthcare Recruiters, Inc., AMN Staffing Services, Inc., The MHA Group Inc., Merritt, Hawkins & Associates, Med Travelers, Inc., RN Demand, Inc., Staff Care, Inc., MHA Allied Consulting, Inc., Med Travelers, LLC, Lifework, Inc., Pharmacy Choice, Inc., and Rx Pro Health, Inc., Platinum Select Healthcare Staffing, Inc. as guarantors, the lenders identified on the signature pages thereto and Bank of America, N.A., as administrative agent (incorporated by reference to the exhibits filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)
10.1	Employment Offer Letter to Bary Bailey, dated July 12, 2009*
10.2	Executive Severance Agreement between AMN Healthcare, Inc., and Bary Bailey, dated August 10, 2009*
10.3	Executive Indemnification Agreement between AMN Healthcare, Inc., and Bary Bailey, dated August 10, 2009*
31.1	Certification by Susan R. Nowakowski pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
31.2	Certification by David C. Dreyer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
32.1	Certification by Susan R. Nowakowski pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification by David C. Dreyer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2009

AMN HEALTHCARE SERVICES, INC.

/s/ SUSAN R. NOWAKOWSKI

Name: **Susan R. Nowakowski**
Title: **President and Chief Executive Officer (Principal Executive Officer)**

Date: August 7, 2009

/s/ DAVID C. DREYER

Name: **David C. Dreyer**
Title: **Chief Accounting Officer, Chief Financial Officer and Treasurer (Principal Accounting and Financial Officer)**

Exhibit 10.1

[LOGO OF AMN HEALTHCARE SERVICES, INC.]

July 10, 2009

Mr. Bary Bailey
7017 Las Colinas
Rancho Santa Fe, CA 92067

PERSONAL AND CONFIDENTIAL

Dear Bary:

It is my pleasure to offer you the position of Chief Financial Officer for AMN Healthcare, Inc. ("AMN"). As we have discussed, you will report directly to me. Your primary office location will be at the corporate offices in San Diego and your anticipated start date is July 20, 2009 ("Start Date"). During the first three weeks, your role will be as Executive Advisor and then transitioning into your role as CFO beginning August 8, 2009.

Briefly, the terms of the offer include:

- Annual Base Salary of $360,000;
- 2009 Senior Management Incentive Bonus opportunity as follows:
    - Target annualized bonus of 60% of Base Salary at 100% second half 2009 Plan performance (as recalibrated in July).
    - Maximum annualized bonus of up to 120% of Base Salary at 110% of Plan performance; Minimum of zero bonus based on results not hitting the minimum threshold.
    - Your 2009 Bonus payout will be prorated for the number of days you are employed by AMN (ie starting July 20)
    - Plan targets are established by the Compensation and Stock Plan Committee of the Board of Directors and are under and subject to the AMN Senior Management Incentive Bonus Plan.
- Sign-on Bonus of $100,000 (gross compensation), payable on September 1, 2009. This payment is an advance and shall not be considered earned until August 31, 2010. Should you leave AMN within 12 months, this amount, net of taxes, would be repaid to the Company, and you agree that the Company could offset the repayment of this advance against any monies due you.
- Base inducement equity grant for 2009 valued at $540,000 as follows:
    - 60% Restricted Stock Units (3 year cliff vesting);
    - 40% Stock Appreciation Rights (3 year graded vesting);
    - Granted on Start Date
    - Eligible for future annual grants at the discretion of the CEO and Board of Directors Compensation Committee;
- Sign-on bonus inducement incentive equity grant for 2009 valued at $360,000 as follows:
    - 100% Stock Appreciation Rights (3 year graded vesting);
    - Granted on Start Date

- Retirement Benefits Eligibility as follows:
  - Participation in AMN's 401 K Plan;
  - Participation in AMN's Executive Nonqualified Excess Plan;
- Eligible for standard AMN employee benefits coverage, including Medical, Dental and Life Insurance;

The 2009 Bonus referenced above will be paid on a date selected by the Company after year-end but no later than March 15, 2010. You must be employed by the company on this date to receive the bonus payout. The 2009 incentive bonus referenced above is based upon an objective performance Target ("Target") as set by AMN's Compensation and Stock Plan Committee of the Board of Directors and requires a minimum performance.

This offer letter of employment is conditional, subject to your ability to perform the essential functions of the job, with or without reasonable accommodation and a clear background check. This offer letter does not constitute an employment contract. As is the case with all employees, employment is "at will" which means that either you or the Company may terminate the employment relationship at any time for any reason not prohibited by law.

Our standard executive officer severance, confidentiality and non-disclosure agreements, codes of ethics, Executive Officer Indemnification Agreement and other corporate governance policies, such as the Code of Conduct for the Principal Executive Officer and Senior Financial Officer are enclosed. Please review and be prepared to sign them on your first day of employment. Agreement to and execution of the ethical codes and confidential policy are a requirement of your employment.

Bary, I am so very excited to have you joining the AMN leadership team and to have the opportunity to work with you in continuing to build a stronger company for the future and to deliver higher shareholder value. Please acknowledge acceptance of this offer with your signature and return the enclosed copy for our records. If I can be of any assistance or can provide additional information, please do not hesitate to call me at (858) 509-3545 or 858-775-8604.

Sincerely,

/s/ Susan R. Nowakowski

Susan R. Nowakowski
Chief Executive Officer and President

I hereby accept AMN Healthcare's offer of employment under the conditions outlined above. I understand that no contract of employment has been created.

Signature: /s/ Bary Bailey
Bary Bailey

Date: July 12, 2009

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the "Agreement"), dated effective as of August 10, 2009, is entered into by and between AMN Healthcare, Inc. (the "Company") and Bary Bailey ("Executive"), in connection with Executive's employment by the Company in the position of Chief Financial Officer.

1. Employment at Will.

The Company agrees to employ Executive and Executive hereby agrees to be employed by the Company upon such terms and conditions as are mutually agreed upon. Executive's employment with the Company shall be at the discretion of the Company. Executive hereby agrees and acknowledges that the Company may terminate Executive's employment at any time, for any reason, with or without cause, and without notice. Nothing contained in this Agreement shall (a) confer on Executive any right to continue in the employ of the Company, (b) constitute any contract or agreement of employment, or (c) interfere in any way with the at-will nature of Executive's employment with the Company.

2. Severance Benefits.

(a) In the event that the Company terminates Executive's employment without "Cause" (as defined below), the Company agrees to pay to Executive severance payments in an amount equal to the sum of twelve (12) months base salary at the rate in effect on the date of the termination of Executive's employment (the "Termination Date"), plus the prorated portion of Executive's "Average Bonus" (an amount equal to the average of the performance bonus payments received by the Executive for the three most recent Fiscal Years (or such fewer number of fiscal years during which Executive was employed)), multiplied by the product of the number of days during the Performance Period that Executive was employed, divided by 365) ("Severance Benefits"). The Severance Benefits shall be payable in a lump sum on the first payroll date after the satisfaction of the conditions set forth in Section 4 below. All withholding taxes and other deductions that the Company is required by law to make from wage payments to employees will be made from such severance payments. If Executive's employment terminates as a result of death or disability, such termination shall not be considered a termination without "Cause" that will entitle Executive to any severance payment.

(b) If Executive makes an election to continue Executive's coverage under the Company's group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), during the period beginning on the Termination Date and ending on the earlier of (i) the twelve month anniversary of the Termination Date or (ii) the date upon which Executive becomes eligible for comparable coverage under another employer's group health plans, Executive shall continue to pay premiums with respect to such coverage to the same extent that Executive was paying such premiums immediately prior to such termination. Such period shall run concurrently with the period of Executive's rights under COBRA.

(c) If the Company relocates Executive's position to a locale beyond a 50 mile radius from the Company's headquarters at 12400 High Bluff Drive, Suite 100, San Diego, California 92130, it shall be considered a termination of Executive without "Cause," entitling Executive to resign and receive the Severance Benefits.

Notwithstanding the following, in order to be eligible to receive the Severance Benefits under this subsection 2(c), (i) Executive shall provide notice to the Company no more than 90 days after the occurrence of such relocation, (ii) such notice states the grounds for such voluntary resignation and an effective date no earlier than 30 days after it is given, and (iii) the Company has 30 days from the giving of such notice within which to cure and, in the event of such cure, such notice shall be of no further force or effect.

(d) In the event a termination without "Cause" occurs within one year after a "Change in Control," in lieu of the Severance Benefits payable under subsection 2(a) or (c), as the case may be, Executive shall be entitled to receive a lump sum equal to two (2) times the sum of Executive's twelve (12) months base salary at the rate in effect on the Termination Date plus the Average Bonus. Such amount shall be payable on the first payroll date after the satisfaction of the conditions set forth in Section 4 below.

(e) For purposes of this Agreement, the following terms are defined as follows:

(i) "Cause" for termination of Executive shall mean (A) Executive's failure to perform in any material respect his or her duties as an employee of the Company, (B) violation of the Company's Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers and Principal Executive Officer, and/or Securities Trading Policy, (C) the engaging by Executive in willful misconduct or gross negligence which is injurious to the Company or any of its affiliates, monetarily or otherwise, (D) the commission by Executive of an act of fraud or embezzlement against the Company or any of its affiliates, or (E) the conviction of Executive of a crime which constitutes a felony or any lesser crime that involves Company property or a pleading of guilty or nolo contendere with respect to a crime which constitutes a felony or any lesser crime that involves Company property.

(ii) "Change in Control" shall be deemed to occur upon:

(A) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a majority of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors;

(B) the dissolution or liquidation of the Company;

(C) the sale of all or substantially all of the business or assets of the Company; or

(D) the consummation of a merger, consolidation or similar form of corporate transaction involving the Company that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), if immediately following such Business Combination: (x) a Person is or becomes the beneficial owner, directly or indirectly, of a majority of the combined voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), or (y) the Company's shareholders cease to beneficially own, directly or indirectly, in substantially the same proportion as they owned the then outstanding voting securities immediately prior to the Business Combination, a majority of the combined voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation). "Surviving Corporation" shall mean the corporation resulting from a Business Combination, and "Parent Corporation" shall mean the ultimate parent corporation that directly or indirectly has beneficial ownership of a majority of the combined voting power of the then outstanding voting securities of the Surviving Corporation entitled to vote generally in the election of directors.

3. No Other Payments.

Executive understands and agrees that the payments and benefits described above are in lieu of, and discharge, any obligations of the Company to Executive for compensation, incentive or performance payments, or any other expectation or form of remuneration or benefit to which Executive may be entitled, including severance benefits under any Company plan or program, except for: (i) any unpaid wages due for work performed during any pay period(s) prior to the Termination Date; (ii) any unused vacation which is duly recorded on the Company's payroll records as of the Termination Date; (iii) the continuation of Executive's coverage under the Company's group health plans pursuant to COBRA, and (iv) any amounts payable to Executive under any retirement or savings plan of the Company in accordance with the terms of any such plan as in effect on the Termination Date.

4. Severance Benefits Conditioned Upon Release.

Executive acknowledges and understands that Executive's eligibility for severance pay and other benefits hereunder is contingent upon Executive's execution and acceptance of the terms and conditions of, and the effectiveness of the Company's

standard Covenant and General Release of All Claims (the "Release") as in effect on the Termination Date. The Company's standard Release may be modified from time to time in the Company's discretion as it deems appropriate. If Executive fails to execute a Release within twenty-one (21) days of receipt of such Release (or if Executive revokes such Release in a manner permitted by law or the applicable Release), then Executive shall not be entitled to any severance payments or other benefits to which Executive would otherwise be entitled under this Agreement.

5. Section 409A.

Anything in this Agreement to the contrary notwithstanding, if at the time of Executive's separation from service, the Company determines Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and if any payment that Executive becomes entitled to under this Agreement would be considered deferred compensation subject to interest and additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, then no such payment shall be payable prior to the date that is the earlier of (1) six months and one day after Executive's separation from service, or (2) Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party. The Company makes no representation or warranty and shall have no liability to Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

(6) Additional Limitation.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that any compensation, payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(i) If the Severance Payments, reduced by the sum of (A) the Excise Tax and (B) the total of the Federal, state, and local income and employment taxes payable by Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, Executive shall be entitled to the full benefits payable under this Agreement.

(ii) If the Threshold Amount is less than (A) the Severance Payments, but greater than (B) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the benefits payable under this Agreement shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount.

(b) For the purposes of this Section 6, "Threshold Amount" shall mean three times Executive's "base amount" within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar ($1.00); and "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by Executive with respect to such excise tax.

(c) The determination as to which of the alternative provisions of Section 6(a) shall apply to Executive shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Termination Date, if applicable, or at such earlier time as is reasonably requested by the Company or Executive. For purposes of determining which of the alternative provisions of Section 6(a) shall apply, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and Executive.

7. Term of Agreement.

Except for the provisions set forth in Paragraph 1 above relating to Executive's at will employment, the provisions of the Agreement including Executive's entitlement to Severance Benefits as described herein apply only to Executive's employment by the Company in the position of Chief Financial Officer. In the event Executive is offered and accepts a change in position (employment with the Company in a position other than Chief Financial Officer), this Agreement and Executive's entitlement to Severance Benefits hereunder automatically terminate.

8. Miscellaneous Provisions.

(a) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and may be amended, modified or changed only by a written instrument executed by Executive and the Company. No provision of this Agreement may be waived except by a writing executed and delivered by the party sought to be charged. Executive acknowledges that this Agreement replaces any prior severance agreement entered into by and between the Company and Executive.

(b) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws.

(c) All notices and other communications hereunder shall be in writing; shall be delivered by hand delivery to the other party or mailed by registered or certified mail, return receipt requested, postage prepaid; shall be deemed delivered upon actual receipt; and shall be addressed as follows:

If to the Company:

AMN Healthcare
12400 High Bluff Drive, Suite 100
San Diego, California 92130
Attention: General Counsel

If to Executive:

Bary Bailey
7017 Las Colinas
Rancho Santa Fe, California 92067

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

(d) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

AMN HEALTHCARE, INC.

By: /s/ Susan R. Nowakowski
Name: Susan R. Nowakowski
Title: CEO and President

By: /s/ Bary Bailey
Name: Bary Bailey
Title: "Executive"

Exhibit 10.3

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is made as of August 10, 2009, by and between AMN HEALTHCARE SERVICES, INC., a Delaware corporation (the "Company"), and the individual named on the signature line below under the heading "INDEMNITEE" ("Indemnitee").

Preliminary Statements

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company and its related entities;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the fullest extent permitted by law; and

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and scope of coverage of liability insurance provide increasing challenges for the Company.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Definitions. As used in this Agreement:

"Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

"Board" shall mean the Company's Board of Directors.

"Change in Control" shall mean, and shall be deemed to have occurred if, on or after the date of this Agreement, (i) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 30 percent of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation or other entity other than a merger or

consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least a majority of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company's assets.

"Company" shall include, in addition to the resulting corporation or other entity, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation or other entity as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

"Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, partnership or joint venture, trust or other enterprise which such person is or was serving at the request of the Company.

"DGCL" shall mean the General Corporation Law of the State of Delaware, as amended from time to time.

"Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

"Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements, costs, expenses and obligations paid or incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or negotiating for the settlement of, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. In addition, Expenses shall include any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

“Independent Counsel” shall mean a law firm, or a member of a law firm, that is of outstanding reputation, experienced in matters of corporation law and neither is as of the date of selection of such firm, nor has been during the period of three years immediately preceding the date of selection of such firm, retained to represent: (i) the Company or Indemnitee in any material matter (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. For purposes of this definition, a “material matter” shall mean any matter for which billings exceeded or are expected to exceed $100,000.

“Person” shall mean (a) any individual or entity or (b) any two or more persons acting as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of the Company; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) any corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, and (iv) any underwriter temporarily holding securities pursuant to an offering of such securities.

“Proceeding” shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, including any and all appeals, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, whether formal or informal, in which Indemnitee was, or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by or omission by Indemnitee, or of any action or omission on Indemnitee’s part while acting as director or officer of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement or Section 145 of the DGCL; except one initiated by Indemnitee to enforce Indemnitee’s rights under this Agreement or Section 145 of the DGCL.

“Voting Securities” shall mean any securities of the Company (or a surviving entity as described in the definition of a “Change in Control”) that vote generally in the election of directors (or similar body).

References to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "other enterprise" shall include employee benefit plans; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

The phrase "to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law" shall include, but not be limited to: (i) to the fullest extent authorized or permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and (ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

2. Indemnity in Third-Party Proceedings. Subject to Section 7, the Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, was or is threatened to be made, a party to or a participant in (as a witness or otherwise) any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Section 7, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, the Company shall indemnify Indemnitee against all Expenses, judgments, fines and, subject to Section 10(c), amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful.

3. Indemnity in Proceedings by or in the Right of the Company. Subject to Section 7, the Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, was or is threatened to be made, a party to or a participant in (as a witness or otherwise) any Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Section 7, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court of competent jurisdiction to be liable to the Company, except to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, or by settlement, shall be deemed to be a successful result as to such claim, issue or matter.

5. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

6. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 2, 3 or 4, but subject to Section 7, the Company shall indemnify Indemnitee to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and, subject to Section 10(c), amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding. No indemnity shall be made under this Section 6(a) on account of Indemnitee's conduct which is an act or omission not in good faith or which involves intentional misconduct or a knowing violation of the law.

(b) Notwithstanding any limitation in Sections 2, 3, 4 or 6(a), but subject to Section 7, the Company shall indemnify Indemnitee to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and, subject to Section 10(c), amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding.

7. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity or advancement of Expenses in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act, or similar provisions of state statutory law or common law;

(c) in connection with any Proceeding (or any part of any Proceeding) initiated or brought voluntarily by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, other than a Proceeding initiated by Indemnitee to enforce Indemnitee's rights under this Agreement, unless (i) the Board authorized the Proceeding or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; or

(d) for the payment of amounts required to be reimbursed to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, as amended, or any similar successor statute.

The exclusion in Section 7(c) shall not apply to counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee.

8. Advances of Expenses. Subject to Section 7, the Company shall, unless prohibited by applicable law, advance the Expenses incurred by Indemnitee in connection with any Proceeding within ten business days after the receipt by the Company of a statement or statements requesting such advances. At the Company's request, Indemnitee shall provide an itemization of legal fees and disbursements in reasonable detail, from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. If required by applicable law, then Indemnitee shall qualify for advances solely upon the execution and delivery to the Company of an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company.

9. Selection of Law Firm. If the Company shall be obligated under Section 8 hereof to pay the Expenses of any Proceeding against Indemnitee, then the Company shall be entitled to assume the defense of such Proceeding upon the delivery to Indemnitee of written notice of its election to do so. If the Company elects to assume the defense of such Proceeding, then unless the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding securities, the Company shall assume such defense using a single law firm selected by the Company representing Indemnitee and other present and former directors or officers of the Company. The retention of such law firm by the Company shall be subject to prior written approval by Indemnitee, which approval shall not be unreasonably withheld, delayed or conditioned. If the Company elects to assume the defense of such Proceeding and the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding securities, then the Company shall assume such defense using a single law firm selected by Indemnitee and any other present or former directors or officers of the Company who are parties to such Proceeding. After (x) in the case of retention of any such law firm selected by the Company, delivery of the required notice to Indemnitee, approval of such law firm by Indemnitee and the retention of such law firm by the Company, or (y) in the case of

retention of any such law firm selected by Indemnitee, the completion of such retention, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of any other law firm incurred by Indemnitee after the date that such first law firm is retained by the Company with respect to the same Proceeding, provided that in the case of retention of any such law firm selected by the Company (i) Indemnitee shall have the right to retain a separate law firm in any such Proceeding at Indemnitee's sole expense; and (ii) if (A) the retention of a law firm by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that a conflict of interest has arisen or is likely to arise between either (1) the Company and Indemnitee or (2) Indemnitee and another present or former director or officer of the Company also represented by such law firm in the conduct of any such defense, or (C) the Company shall not, in fact, have retained a law firm to prosecute the defense of such Proceeding within 30 days, then the reasonable fees and expenses of a single law firm retained by Indemnitee shall be at the expense of the Company.

10. Procedure for Notification and Defense of Claim; Settlement.

(a) Indemnitee shall, as a condition precedent to Indemnitee's right to be indemnified under this Agreement, give the Company notice in writing promptly of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement; provided, however, that a delay in giving such notice shall not deprive Indemnitee of any right to be indemnified under this Agreement unless, and then only to the extent that, such delay is materially prejudicial to the defense of such claim. The omission to notify the Company will not relieve the Company from any liability for indemnification which it may have to Indemnitee otherwise than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

(c) The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any claim effected without the Company's prior written consent, provided the Company has not breached any of its obligations hereunder. The Company shall not settle any claim, including, without limitation, any claim which would impose any fine or any obligation on Indemnitee, without Indemnitee's prior written consent. Neither the Company nor Indemnitee shall unreasonably withhold, delay or condition their consent to any proposed settlement.

11. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case as soon as reasonably practicable: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, (B) by a

committee of Disinterested Directors designated by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, or (C) if there are less than three Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten business days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination, provided, that nothing contained in this Agreement shall require Indemnitee to waive any privilege Indemnitee may have. Any costs or expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) hereof, the Independent Counsel shall be selected as provided in this Section 11(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten business days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may seek arbitration for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the arbitrator or by such other person as the arbitrator shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Such arbitration referred to in the previous sentence shall be conducted by a single arbitrator pursuant to the

Commercial Arbitration Rules of the American Arbitration Association. Upon the due commencement of any judicial proceeding pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its Board, its independent legal counsel and its stockholders) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification or advancement of expenses is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its Board, its independent legal counsel and its stockholders) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(c) Reliance as Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers, employees or agents of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 12(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) Actions of Others. The knowledge and actions, or failure to act, of any other director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

13. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within 30 days after receipt by the Company of the request for indemnification and of reasonable documentation and information which Indemnitee may be called upon to provide pursuant to Section 11(a), (iv) payment of indemnification is not made pursuant to Section 4 or 5 or the last sentence of Section 11(a) of this Agreement within ten business days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 2, 3 or 6 of this Agreement is not made within ten business days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of Indemnitee's entitlement to such indemnification or advancement of Expenses.

(b) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Section 13 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

14. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's Certificate of Incorporation, the Company's By-Laws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's Certificate of Incorporation, the Company's By-Laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies. To the extent the Company maintains director and officer liability insurance, Indemnitee, if an officer or director (or former officer or director) of the Company, shall be covered by such director and officer liability insurance, in accordance with its or their terms, to the maximum extent of the coverage available for any officer or director (or former officer or director) of the Company.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust or other enterprise.

15. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by law under the circumstances, and any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

16. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. At Indemnitee's written request, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

17. Severability. In the event that any provision of this Agreement is determined by a court to require the Company to take any action prohibited by applicable law (or omit to take any action required to be taken by applicable law), such provision (including any provision within a single Section, paragraph or sentence) shall be limited or modified in its application to the minimum extent necessary to avoid a violation of law, and, as so limited or modified, such provision and the balance of this Agreement shall be enforceable in accordance with their terms to the fullest extent permitted by law.

18. Enforcement. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

19. Effectiveness of Agreement. This Agreement shall be effective as of the date set forth on the first page and, in addition to applying to acts or omissions occurring on and after such date, shall apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

20. Modification, Waiver and Termination. No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by the Company and Indemnitee. No waiver of any provision of this Agreement shall be binding unless executed in writing by the party granting such waiver. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver. Unless otherwise specifically provided herein, no failure to exercise or delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

21. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(i) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(ii) If to the Company to:

AMN Healthcare Services, Inc.
12400 High Bluff Drive, Suite 100
San Diego, California 92130
Attn: General Counsel

or to any other address as may have been furnished to Indemnitee by the Company.

22. Applicable Law. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules.

23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[Signatures set forth on following page.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

AMN HEALTHCARE SERVICES, INC.		INDEMNITEE	
By:	/s/ Susan R. Nowakowski		/s/ Bary Bailey
Name:	Susan R. Nowakowski	Name:	Bary Bailey
Title:	CEO and President	Address:	7017 Las Colinas Rancho Santa Fe, CA 92067

[SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT]

Exhibit 31.1

Certification Pursuant To
Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Susan R. Nowakowski, certify that:

1. I have reviewed this report on Form 10-Q of AMN Healthcare Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

	/s/ SUSAN R. NOWAKOWSKI
Name:	**Susan R. Nowakowski**
Title:	**President and Chief Executive Officer** **(Principal Executive Officer)**

Exhibit 31.2

Certification Pursuant To
Rule 13a-14(a) of the Securities Exchange Act of 1934

I, David C. Dreyer, certify that:

1. I have reviewed this report on Form 10-Q of AMN Healthcare Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/ DAVID C. DREYER

Name: **David C. Dreyer**
Title: **Chief Accounting Officer,**
Chief Financial Officer and Treasurer
(Principal Accounting and Financial Officer)

Exhibit 32.1

AMN Healthcare Services, Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan R. Nowakowski, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2009

/s/ SUSAN R. NOWAKOWSKI

Susan R. Nowakowski
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

AMN Healthcare Services, Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David C. Dreyer, Chief Accounting Officer, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2009

/s/ DAVID C. DREYER

David C. Dreyer
Chief Accounting Officer,
Chief Financial Officer and Treasurer
(Principal Accounting and Financial Officer)